

**Introduced by Senators Aanestad and Machado**

January 10, 2006

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An act to add Division 32 (commencing with Section 82000) and Division 33 (commencing with Section 83000) to the Water Code, relating to financing a flood protection and water management program, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1166, as introduced, Aanestad. Water: Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010.

Under existing law, various measures have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010. The Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006 would, if approved by the voters, authorize the issuance and sale of bonds in the amount of \$3,000,000,000 for the purposes of financing specified flood protection and water management programs, as scheduled. The Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2010 would, if approved by the voters, authorize the issuance and sale of bonds in the amount of \$6,000,000,000 for the purposes of financing specified flood protection and water management programs, as scheduled.

As a part of the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006, the bill would enact the

California Water Resources Investment Act of 2006 to finance a water resources investment program. To finance the program, the bill would impose an annual water resources capacity charge on each retail water supplier in the state based on the number and types of water connections in its service area according to a prescribed schedule. The bill would require the State Board of Equalization to collect the charge in accordance with the Fee Collection Procedures Law.

The bill would require the funds generated by the imposition of the capacity charge to be deposited in the California Water Resources Investment Fund, which the bill would establish in the State Treasury. The bill would establish within the investment fund 13 accounts: the General Account, the State Investment Account, and 11 regional investment accounts. The bill would authorize the Department of Water Resources to expend moneys from the investment fund for a wide range of water projects, including specified statewide and regional water management projects that would be financed in part by bond funds made available under the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010.

The bill would require the Secretary of State to submit the respective bond acts to the voters at unspecified statewide elections.

The bill, upon voter approval of the Flood Protection and Clean, Safe, Reliable Water Supply Bond Act and Financing of 2006, would appropriate an unspecified amount from the General Fund for deposit into the California Water Resources Investment fund for allocation as loans to the California Water Commission and the State Board of Equalization to defray the initial administrative expenses of these agencies under the water resources investment program.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Division 32 (commencing with Section 82000)
- 2 is added to the Water Code, to read:

DIVISION 32. FLOOD PROTECTION AND CLEAN,  
SAFE, RELIABLE WATER SUPPLY BOND AND  
FINANCING ACT OF 2006

CHAPTER 1. SHORT TITLE

82000. This division shall be known and may be cited as the  
Flood Protection and Clean, Safe, Reliable Water Supply Bond  
and Financing Act of 2006.

CHAPTER 2. FINDINGS

82001. The Legislature finds and declares all of the following  
regarding flood protection and integrated regional water  
management.

(a) Regarding flood protection, the Legislature finds and  
declares all of the following:

(1) The state has a compelling interest in ensuring the  
reliability of its flood control systems to protect lives and  
property, and to protect statewide economic interests dependent  
on water exported through the Sacramento-San Joaquin Delta.

(2) There is an increasing need for the maintenance and  
improvement of flood protection projects in the central valley to  
lessen the risk of flooding in light of the growth of the population  
and the aging of the existing flood control system.

(3) Maintenance and upgrades of critical flood management  
infrastructure must be expedited.

(4) Urban areas and areas that are becoming urbanized that are  
protected against flooding by levees face high potential risks for  
loss of life and property damage during future floods. These  
areas should be given high priority in funding flood protection  
projects and these areas should seek high levels of flood  
protection with a minimum goal of protecting against a flood  
with a 1-in-200 annual chance of occurrence.

(5) The state has a strong interest in funding construction of  
federal flood control projects throughout the state by reimbursing  
to local agencies acting as nonfederal project sponsors and that,  
without this state funding, important projects will be delayed, the  
public will unnecessarily remain at risk of suffering flood

1 damages and federal flood control investments in the state may  
2 not occur.

3 (6) The federal government has traditionally been a major  
4 partner in any significant flood control project in the state, and  
5 the federal government has an obligation and duty to continue its  
6 lead role in providing flood protection to the citizens of the state.

7 (7) Local beneficiaries should equitably share in the cost of  
8 repairs and improvements to flood management projects,  
9 recognizing constraints on ability to pay may result in different  
10 expectations of contributions from different communities.

11 (8) The state needs to have an effective flood preparedness and  
12 emergency response program.

13 (9) Accurate floodplain maps provide flood risk information  
14 that is essential for wise use of floodplains, administration of  
15 insurance programs, land use decisions, emergency planning and  
16 response, and education of floodplain residents and businesses.

17 (10) Ecosystem restoration of riparian habitat along Central  
18 Valley streams provides both environmental benefits and direct  
19 flood benefits, and can also provide advance mitigation for flood  
20 control activities and projects.

21 (11) Improvements to the State Plan of Flood Control shall  
22 include traditional levee and channel repairs and upgrades and, if  
23 feasible, shall also include nontraditional approaches to flood  
24 management to preserve and enhance environmental resources  
25 and fluvial functions, including the use of setback levees, bypass  
26 channels, acquisition of flood easements, and biotechnical  
27 stabilization for sites subject to erosion.

28 (b) Regarding integrated regional water management, the  
29 Legislature finds and declares all of the following:

30 (1) California must make substantial investments to provide  
31 clean, safe, and reliable water for a growing population and meet  
32 future water management needs.

33 (2) It is in the interests of all Californians to provide a safe,  
34 clean, affordable, and sufficient water supply to meet the needs  
35 of residents, farms, businesses, and the environment.

36 (3) Sustainable economic development requires that water  
37 resources planning be integrated with other natural resources  
38 management.

1 (4) Local agencies and governments can realize efficiencies by  
2 coordinating and integrating their assets and seeking mutual  
3 solutions to water management issues.

4 (5) The reliability of water supplies can be significantly  
5 improved by diversifying water portfolios, taking advantage of  
6 local and regional opportunities, and considering a broad variety  
7 of water management strategies as described in the California  
8 Water Plan.

9 (6) The implementation of this act will assist each region of  
10 the state to improve water supply reliability, water quality, and  
11 environmental stewardship to meet current and future needs.

12  
13 CHAPTER 3. DEFINITIONS  
14

15 82002. Unless the context otherwise requires, the definitions  
16 set forth in this chapter govern the construction of this division.

17 (a) “Board” means the Reclamation Board.

18 (b) “Committee” means the Flood Protection and Clean, Safe,  
19 Reliable Water Supply Finance Committee, created by Section  
20 82010.

21 (c) “Department” means the Department of Water Resources.

22 (d) “Director” means the Director of Water Resources.

23 (e) “Fund” means the Flood Protection and Clean, Safe,  
24 Reliable Water Supply Bond Fund of 2006, created by Section  
25 82020.

26 (f) “State General Obligation Bond Law” means the State  
27 General Obligation Bond Law (Chapter 4 (commencing with  
28 Section 16720) of Part 3 of Division 4 of Title 2 of the  
29 Government Code).

30  
31 CHAPTER 4. GENERAL PROVISIONS  
32

33 82010. (a) Solely for the purpose of authorizing the issuance  
34 and sale, pursuant to the State General Obligation Bond Law, of  
35 the bonds authorized by this division, the Flood Protection and  
36 Clean, Safe, Reliable Water Supply Finance Committee is hereby  
37 created. For purposes of this division, the Flood Protection and  
38 Clean, Safe, Reliable Water Supply Finance Committee is the  
39 “committee” as that term is used in the State General Obligation  
40 Bond Law.

1 (b) The committee consists of the Director of Finance, the  
2 Treasurer, the Controller, the Director of Water Resources, and  
3 the Secretary for the Resources Agency. Notwithstanding any  
4 other provision of law, any member may designate a deputy to  
5 act as that member in his or her place for all purposes, as though  
6 the member were personally present.

7 (c) The Treasurer shall serve as chairperson of the committee.

8 (d) A majority of the members of the committee shall  
9 constitute a quorum of the committee, and may act for the  
10 committee.

11 82010.5. The committee shall determine whether or not it is  
12 necessary or desirable to issue bonds authorized pursuant to this  
13 division in order to carry out the actions specified in this division  
14 and, if so, the amount of bonds to be issued and sold. Successive  
15 issues of bonds may be authorized and sold to carry out those  
16 actions progressively, and it is not necessary that all of the bonds  
17 authorized to be issued be sold at any one time.

18 82011. "Board," as defined in Section 16722 of the  
19 Government Code for the purposes of compliance with the State  
20 General Obligation Bond Law, means the department.

21 82013. (a) The department or the board may adopt  
22 regulations as necessary to implement this division or any part  
23 thereof.

24 (b) The department or the board may adopt regulations as  
25 necessary to implement this division or any part thereof as  
26 emergency regulations in accordance with Chapter 3.5  
27 (commencing with Section 11340) of Part 1 of Division 3 of Title  
28 2. The adoption of the regulations shall be deemed to be an  
29 emergency and necessary for the immediate preservation of the  
30 public peace, health and safety, or general welfare.  
31 Notwithstanding subdivision (e) of Section 11346.1 of the  
32 Government Code, the regulations shall not remain in effect for  
33 more than two years unless the department complies with all  
34 provisions of that Chapter 3.5 as required by subdivision (e) of  
35 Section 11346.1 of the Government Code.

36 82014. It is the intention of the people that the investment of  
37 public funds pursuant to this division should result in public  
38 benefits.

39 82015. It is the intention of the people that any public funds  
40 made available by this division to investor-owned utilities

regulated by Public Utilities Commission will be for the benefit of the ratepayers and not the investors pursuant to oversight by the Public Utilities Commission.

CHAPTER 5. FLOOD PROTECTION AND CLEAN, SAFE, RELIABLE  
WATER SUPPLY BOND FUND OF 2006

82020. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Flood Protection and Clean, Safe, Reliable Water Supply Bond Fund of 2006, which is hereby created.

CHAPTER 6. FLOOD PROTECTION PROGRAM

Article 1. Definitions

82030. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this chapter:

(a) “Delta” means the area of the Sacramento-San Joaquin Delta as defined in Section 12220.

(b) “Facilities of the State Plan of Flood Control” means the levees, weirs, channels, and other features of the federal and state authorized flood control facilities located in the Sacramento and San Joaquin Rivers drainage basin for which the board or the department has given the nonfederal assurances to the United States required for the project, and those facilities identified in Section 8361.

(c) “Project levees” means the levees that are part of the facilities of the State Plan of Flood Control.

(d) “Rural areas” means all areas within the jurisdiction of the board that are not defined as “urban areas.”

(e) “State Plan of Flood Control” means the state and federal flood control works, lands, programs, plans, conditions, and mode of maintenance and operations of the Sacramento River Flood Control Project described in Section 8350, and of flood control projects in the Sacramento River and San Joaquin River watersheds authorized pursuant to Article 2 (commencing with Section 12648) of Chapter 2 of Part 6 of Division 6 for which the board or the department has provided the nonfederal assurances to the United States, which shall be updated by the department

1 and compiled into one document entitled “The State Plan of  
2 Flood Control.”

3 (f) “Urban areas” means any contiguous area in which more  
4 than 10,000 residents are protected by project levees.

5  
6 Article 2. Flood Protection Account  
7

8 82035. For the purposes of this chapter, “account” means the  
9 Flood Protection Account created by Section 82036.

10 82036. The Flood Protection Account is hereby created in the  
11 fund. The sum of one billion dollars (\$1,000,000,000) is hereby  
12 transferred from the fund to the account for grants and  
13 expenditures to implement this chapter.  
14

15 Article 3. Project Levee and Facilities Repairs  
16

17 82038. (a) There is hereby created in the account the Project  
18 Levee and Facilities Repairs Subaccount.

19 (b) The sum of two hundred ten million dollars  
20 (\$210,000,000) is hereby transferred from the account to the  
21 Project Levee and Facilities Repairs Subaccount for the purposes  
22 of implementing this article.

23 82039. (a) The department shall use available information to  
24 prepare a report on the status of the state flood control system not  
25 later than December 31, 2008. The report shall include both of  
26 the following:

27 (1) A description and the location of all facilities of the State  
28 Plan of Flood Control, including, but not necessarily limited to,  
29 levees, canals, weirs, bypasses, and pumps, that comprise the  
30 State Plan of Flood Control.

31 (2) An evaluation of the performance and deficiencies of  
32 project levees and other facilities of the State Plan of Flood  
33 Control.

34 (b) The board shall review and provide comments to the  
35 department before the report is completed.

36 82040. The department shall utilize information collected in  
37 the report on the status of the state flood control system to  
38 determine the need for levee repairs and other needed  
39 improvements to facilities of the state plan of flood control. The  
40 department shall prioritize needs identified in the report, and



1 shall submit this information to the board for its review and  
2 comment.

3 82041. The funds in the Project Levee and Facilities Repairs  
4 Subaccount, upon appropriation by the Legislature to the  
5 department, may be expended by the board or the department for  
6 evaluating and repairing facilities of the State Plan of Flood  
7 Control, including, but not necessarily limited to, any of the  
8 following actions:

9 (a) Repairing erosion and removing sediment from channels or  
10 bypasses where that work is either the responsibility of the state  
11 or local maintaining agencies.

12 (b) Evaluating and repairing of levees and any other facilities  
13 of the State Plan of Flood Control.

14 (c) Implementing mitigation measures for any project  
15 undertaken pursuant to this section.

16 (d) Completing the flood control system status report pursuant  
17 to Section 82039.

18 82042. (a) The Legislature directs that certain projects be  
19 given priority as “early action” items, and that work on those  
20 projects commence as soon as is practical.

21 (b) The funds transferred pursuant to subdivision (b) of  
22 Section 82038 shall be allocated as follows:

23 (1) Not more than fifteen million dollars (\$15,000,000) may  
24 be expended by the department for sediment removal in channels  
25 and bypasses of the Sacramento River and tributaries where  
26 needed to restore design flow capacity.

27 (2) Not more than twenty-five million dollars (\$25,000,000)  
28 may be expended by the department or the board for repair,  
29 replacement, and improvement of weirs, gate structures,  
30 maintenance facilities, and pumping plants maintained by the  
31 department.

32 (3) Not more than fifty million dollars (\$50,000,000) may be  
33 expended by the department or the board for repair of channel  
34 bank and levee erosion sites, including by use of setback levees.

35 (4) Not more than fifty million dollars (\$50,000,000) may be  
36 expended by the department or the board for levee evaluations,  
37 including soils and geologic explorations, drilling, sampling,  
38 testing, and engineering analyses sufficient for identifying levee  
39 deficiencies and designing repairs in accordance with the  
40 standards of the United States Army Corps of Engineers.

1 (5) Not more than twenty million dollars (\$20,000,000) may  
2 be expended by the department or the board to develop  
3 mitigation banks for maintenance and repair activities.

4 82043. (a) The funds in the subaccount, upon appropriation  
5 by the Legislature, may be expended by the board or the  
6 department for any project authorized by this article without the  
7 availability of federal cost sharing funds pursuant to a  
8 determination by the department that the project is urgently  
9 needed to protect public safety and property.

10 (b) The funds in the subaccount may be expended by the board  
11 or the department, upon appropriation therefor, to advance cost  
12 shared funds to the federal government.

13 (c) The Legislature, having found that maintenance and  
14 upgrades of critical flood management infrastructure should be  
15 expedited, authorizes the department or the board, upon  
16 appropriation therefor, to expend funds in the subaccount for  
17 advance work by the department, the board, or local agencies  
18 under Section 104 of the federal Water Resources Development  
19 Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal  
20 Water Resources Development Act of 1968 (42 U.S.C. Sec.  
21 1962d-5a), or similar federal authority, and for any feasibility  
22 studies or documents needed to secure federal authorization and  
23 reimbursement or crediting for eligible costs and to undertake  
24 flood control system improvements that the department or the  
25 board have determined require immediate attention.

26 82044. (a) Erosion repairs funded by this subaccount along  
27 levees identified in Section 8361 may be cost shared with the  
28 federal government, or performed by the department without cost  
29 sharing subject to a determination made by the department in  
30 accordance with subdivision (a) of Section 82043.

31 (b) All erosion repairs funded by the subaccount that are cost  
32 shared with the federal government shall not require a local cost  
33 share, upon a finding by the department that a local cost share is  
34 not in the public interest. Otherwise, the local cost share shall be  
35 as specified in subdivision (c).

36 (c) All erosion repairs funded by the subaccount that are not  
37 for levees identified in Section 8361, and that are not cost shared  
38 with the federal government, shall be cost shared with local  
39 agencies. For these repairs, the department may perform the work  
40 or grant reimbursement to local agencies for their costs of

1 performing the work. For the purposes of this section, a state  
2 maintenance area formed pursuant to Section 12878 shall be  
3 treated as a local agency. Cost sharing requirements with local  
4 agencies for erosion repairs shall be as follows:

5 (1) The department shall determine for each erosion repair site  
6 whether the erosion threatens a levee that protects an urban area  
7 or a rural area. Areas that are identified as urban areas shall pay  
8 30 percent of the total cost, and areas that are identified as rural  
9 areas shall pay 15 percent of the total cost.

10 (2) Costs for establishing and maintaining any mitigation bank  
11 used to mitigate environmental impacts of erosion repairs shall  
12 be shared in accordance with the criteria described in paragraph  
13 (1).

14 (3) Eligible costs for sharing with local beneficiaries shall  
15 include the costs of design, environmental compliance and  
16 permitting, construction, construction contract administration,  
17 environmental mitigation, and monitoring for up to three years  
18 after completion of construction work, as determined by the  
19 department.

20 (d) For any erosion repair work, the local agency responsible  
21 for operating and maintaining the levee at or adjacent to the  
22 erosion repair work shall indemnify and hold the state harmless  
23 from any and all liability for damages associated with the work.  
24 Upon completion of the work, the local maintaining agency shall  
25 be responsible for maintenance of the work in perpetuity in  
26 accordance with standards established by the United States Army  
27 Corps of Engineers or the board.

28 82045. (a) Local agency cost sharing for levee evaluations  
29 and repairs funded from this subaccount is not required. Repairs  
30 needed to address poor levee maintenance or erosion of the  
31 channel bank or levee surface are not eligible for funding under  
32 this section. The department may perform levee repairs or grant  
33 reimbursement to local agencies performing the levee repairs.

34 (b) For any levee repair work, the local agency responsible for  
35 operating and maintaining the levee at or adjacent to the levee  
36 repair work shall indemnify and hold the state harmless from any  
37 and all liability for damages associated with the work. Upon  
38 completion of the work, the local maintaining agency shall be  
39 responsible for maintenance of the work in perpetuity in

1 accordance with standards established by the United States Army  
2 Corps of Engineers or the board.

3 (c) The economic benefits of the levee repairs shall be  
4 evaluated by the department according to standard methods.  
5 Levee repairs for which the costs exceed the benefits shall be  
6 given low priority. However, the department and the board may  
7 purchase flowage easements in areas assigned low priority for  
8 repair.

9 82046. (a) Sediment removal on all channels of the State  
10 Plan of Flood Control other than the Sacramento River and  
11 tributaries may be reimbursed from the subaccount on a cost  
12 shared basis. The local share shall not be less than 30 percent.

13 (b) Eligible costs for sharing with local beneficiaries shall  
14 include the costs of design, environmental compliance and  
15 permitting, construction, construction contract administration,  
16 environmental mitigation and monitoring for up to three years  
17 after completion of construction work, as determined by the  
18 department.

19  
20 Article 4. Flood Control System Improvements  
21

22 82050. (a) There is hereby created in the account the Flood  
23 Control System Improvements Subaccount.

24 (b) The sum of two hundred million dollars (\$200,000,000) is  
25 hereby transferred from the account to the Flood Control System  
26 Improvements Subaccount for the purposes of implementing this  
27 article.

28 82051. (a) The funds in the Flood Control System  
29 Improvements Subaccount, upon appropriation by the  
30 Legislature, shall be expended for improving or adding facilities  
31 to the State Plan of Flood Control to provide high levels of flood  
32 protection for urban areas and for related habitat restoration, and  
33 prioritized needs established in association with the flood control  
34 system status report.

35 (b) The funds in the subaccount are available, upon  
36 appropriation therefor, for state financial participation in federal  
37 and state authorized flood control and ecosystem restoration  
38 projects, and feasibility studies and design of federal flood  
39 damage reduction and related ecosystem restoration projects. The  
40 funds in the subaccount may be expended by the board or the

1 department, upon appropriation therefor, to advance cost shared  
2 funds to the federal government.

3 (c) The Legislature, having found that maintenance and  
4 upgrades of critical flood management infrastructure should be  
5 expedited, authorizes the department or the board, to expend  
6 funds in the subaccount, upon appropriation therefor, for any of  
7 the following purposes:

8 (1) For advance work under Section 104 of the federal Water  
9 Resources Development Act of 1986 (33 U.S.C. Sec. 2214),  
10 Section 215 of the federal Water Resources Development Act of  
11 1968 (42 U.S.C. Sec. 1962d-5a), or any other similar federal  
12 authority, and for any feasibility studies or documents needed to  
13 secure federal authorization and reimbursement or credit for  
14 eligible costs.

15 (2) To undertake flood control system improvements that the  
16 department or the board has determined require immediate  
17 attention.

18 82052. Prior to construction, the local agency and each city  
19 and county receiving flood protection from the project shall  
20 indemnify and hold the state harmless from any and all liability  
21 for damages associated with the work. Upon completion of the  
22 work, the local maintaining agency shall be responsible for  
23 maintenance of the work in perpetuity in accordance with  
24 standards established by the United States Army Corps of  
25 Engineers or the board.

26 82053. (a) The projects identified in this section shall be  
27 funded from the subaccount in the following amounts:

28 (1) A minimum of seventy million dollars (\$70,000,000) for  
29 state financial participation in authorized flood control  
30 improvements to Folsom Dam and for the authorized state cost  
31 share of a new bridge downstream from the dam.

32 (2) A minimum of twenty-five million dollars (\$25,000,000)  
33 for state financial participation in the American River Common  
34 Features Project.

35 (3) A minimum of ten million dollars (\$10,000,000) for state  
36 financial participation in the South Sacramento County Streams  
37 Project.

38 (4) A minimum of ten million dollars (\$10,000,000) for state  
39 financial participation in the Enhanced Flood Response and  
40 Emergency Preparedness Project that will enhance flood

1 emergency response by using an improved hydraulic data  
2 network in the central valley.

3 (b) Any unexpended or uncommitted funds for these four  
4 projects that remain after December 31, 2011, shall be eligible  
5 for other uses under this article upon appropriation by the  
6 Legislature.

7 82054. (a) The state's cost share for funds provided from the  
8 subaccount shall be fully cost shared with local agencies at the  
9 time each invoice is due in accordance with the cost sharing  
10 requirements of Sections 12585.5 and 12585.7, whichever  
11 applies. The local cost share for any ecosystem restoration work  
12 associated with these projects shall be not less than 30 percent of  
13 the nonfederal share of the ecosystem restoration portion of the  
14 project. If the board has levied and collected assessments after  
15 January 1, 2009, from at least 75 percent of the acreage of lands  
16 benefitting from the state plan of flood control, the state cost  
17 share for remaining funds from the subaccount will increase to  
18 75 percent of the nonfederal project costs for both flood control  
19 and ecosystem restoration components of the project.

20 (b) The state may fully fund the federal cost of design and  
21 construction performed in advance under Section 104 of the  
22 federal Water Resources Development Act of 1986 (33 U.S.C.  
23 Sec. 2214), Section 215 of the federal Water Resources  
24 Development Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar  
25 federal authority, without requiring a local cost share, except for  
26 the local share of the nonfederal design and construction costs.

27 (c) Any subaccount expenditures pursuant to subdivision (b)  
28 that are not reimbursed or credited by the federal government  
29 within ten years of execution of the Section 104 agreement, or  
30 similar federal agreement, shall be shared with the local project  
31 sponsor in the ratio of 70 percent state financial participation and  
32 30 percent local financial participation.

### 33 Article 5. Delta Levee Subventions and Special Projects 34 35

36 82060. (a) There is hereby created in the account the Delta  
37 Levee Subventions and Special Projects Subaccount.

38 (b) The sum of two hundred ten million dollars  
39 (\$210,000,000) is hereby transferred from the account to the

1 Delta Levee Subventions and Special Projects Subaccount for the  
2 purposes of implementing this article.

3 82061. The funds in the Delta Levee Subventions and Special  
4 Projects Subaccount, upon appropriation by the Legislature, may  
5 be expended by the department or the board for any of the  
6 following purposes:

7 (a) Up to sixty million dollars (\$60,000,000) for  
8 implementation and administration of the Delta Levees  
9 Maintenance Subventions Program, as described in Part 9  
10 (commencing with Section 12980) of Division 6, to work with  
11 any city, county, district, or other political subdivision in the state  
12 that is authorized to maintain levees in the delta and Suisun  
13 Marsh to preserve and improve existing project and nonproject  
14 levees in accordance with the delta-specific standard prescribed  
15 by Public Law 84-99 and consistent with the CALFED Record of  
16 Decision, department goals and objectives, and the  
17 recommendations to be developed pursuant to the “Delta Risk  
18 Management Strategy.”

19 (b) Up to one hundred fifty million dollars (\$150,000,000) for  
20 implementation and administration of the Delta Special Flood  
21 Control Projects Program, as described in Chapter 2  
22 (commencing with Section 12310) of Part 4.8 of Division 6 for  
23 flood management projects in the delta and Suisun Marsh.  
24 Projects funded under this section shall contribute to the  
25 reduction of risks to statewide interests associated with potential  
26 catastrophic breaching of delta and Suisun Marsh levees, and  
27 may include any of the following actions:

28 (1) Levee stability improvements, including improvement of  
29 static stability in accordance with the delta-specific standard  
30 prescribed by Public Law 84-99 or standards to be recommended  
31 by the “Delta Risk Management Strategy,” and any additional  
32 improvements that may be approved by the department. Levee  
33 stability improvement funding shall include the costs for  
34 mitigation of unavoidable environmental damage associated with  
35 levee work.

36 (2) Implementation of demonstration projects to reduce the  
37 seismic vulnerability of delta levees.

38 (3) Additional study and levee improvements necessary to  
39 develop and implement mitigation measures for sea-level rise,  
40 long-term seepage, and seismic forces.

(4) Catastrophe mitigation actions including, but not necessarily limited to, emergency response planning, coordination efforts, staff training, working with delta counties on joint response, purchasing and stockpiling flood fight and levee repair materials, including rock and barge equipment, acquisition of property for necessary plan form changes, and other delta flood control activities approved by the department.

(5) Development of mitigation banks and their long-term maintenance to cover unavoidable habitat losses resulting from levee improvement.

(6) Development of legally required programmatic environmental enhancements and their long-term maintenance.

(7) Cost sharing with the federal government for studies and feasibility investigations of delta levee improvements.

(8) Cost sharing with reclamation districts on federal projects for construction of levee improvements where the state is not the local sponsor.

(9) Projects and policy changes that arrest and contribute to reversal of subsidence.

(10) The Legislature, having found that maintenance and upgrades of critical flood management infrastructure should be expedited, authorizes the department or the board to provide funds in the subaccount, upon appropriation therefor, for advance work by reclamation districts under Section 104 of the federal Water Resources Development Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal Water Resources Development Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar federal authority for levee improvements in the delta, and for flood control system improvements that the department or the board has determined require immediate attention.

#### Article 6. Flood Control Subventions Program

82065. (a) There is hereby created in the account the Flood Control Subventions Subaccount.

(b) The sum of two hundred fifty million dollars (\$250,000,000) is hereby transferred from the account to the Flood Control Subventions Subaccount for the purposes of implementing this article.



82066. (a) Notwithstanding Section 13340 of the Government Code, or any other provision of law, the funds in the subaccount are hereby continuously appropriated, without regard to fiscal years, to the department to provide payment for the state's share of the nonfederal costs of flood control and flood prevention projects adopted and authorized, as of January 1, 2006, under the State Water Resources Law of 1945 (Chapter 1 (commencing with Section 12570) and Chapter 2 (commencing with Section 12639) of Part 6 of Division 6), the Flood Control Law of 1946 (Chapter 3 (commencing with Section 12800) of Part 6 of Division 6), and the California Watershed Protection and Flood Prevention Law (Chapter 4 (commencing with Section 12850) of Part 6 of Division 6), including the credits and loans to local agencies pursuant to Sections 12585.3 and 12585.4, subdivision (d) of Section 12585.5, and Sections 12866.3 and 12866.4, and to implement Chapter 3.5 (commencing with Section 12840) of Part 6 of Division 6.

(b) The funds in the subaccount shall be allocated only to projects that are not part of the State Plan of Flood Control.

#### Article 7. Floodplain Mapping Program

82070. (a) There is hereby created in the account the Floodplain Mapping Subaccount.

(b) The sum of ninety million dollars (\$90,000,000) is hereby transferred from the account to the Floodplain Mapping Subaccount for the purposes of implementing this article.

82071. (a) Except as provided in subdivision (c), and notwithstanding Section 16727 of the Government Code, the funds in the Floodplain Mapping Subaccount, upon appropriation by the Legislature to the department, may be expended by the department and advanced to the federal government for the purpose of preparing and updating flood hazard maps, that comply with the standards of the National Flood Insurance Program, as amended, of lands adjacent to the Sacramento and San Joaquin Rivers and their tributaries that are historically subject to overflow.

(b) The department may conduct all necessary activities supporting development of the flood hazard maps, including but not limited to, hydrologic studies, hydraulic studies, surveys,

1 geotechnical investigations, and engineering evaluations as  
2 needed to meet the standards of the National Flood Insurance  
3 Program.

4 (c) The sum of three million dollars (\$3,000,000) shall be  
5 made available to the department from the subaccount, upon  
6 appropriation therefor, to provide community assistance for  
7 floodplain management activities and alluvial fan floodplain  
8 mapping in accordance with priorities established by the  
9 department in consultation with the Alluvial Fan Task Force.

10  
11 Article 8. Floodway Corridor Program  
12

13 82075. (a) There is hereby created in the account the  
14 Floodway Corridor Subaccount.

15 (b) The sum of forty million dollars (\$40,000,000) is hereby  
16 transferred from the account to the Floodway Corridor  
17 Subaccount for the purposes of implementing this article.

18 82076. The funds in the Floodway Corridor Subaccount,  
19 upon appropriation by the Legislature, may be expended by the  
20 department for flood control projects along levees and channels  
21 within the State Plan of Flood Control. In addition to the primary  
22 purpose of flood risk reduction, the projects funded under this  
23 subaccount may also provide agricultural land conservation  
24 benefits or habitat enhancement within or associated with  
25 facilities of the State Plan of Flood Control, if that habitat  
26 enhancement may occur while maintaining design level capacity  
27 for flood channel conveyance.

28 82076.5. (a) Funds from the subaccount, upon appropriation  
29 therefor, may be expended for property rights acquisition, project  
30 planning and design, permitting, project construction,  
31 maintenance, mitigation, monitoring, and related costs. Project  
32 costs may be shared with another agency or used in  
33 private/public partnerships determined by the department to be in  
34 the best interests of the state.

35 (b) Funds from the subaccount , upon appropriation therefor,  
36 may be expended for setting back existing flood control levees,  
37 removing levees, and constructing new levees, bypass channels,  
38 and floodwater detention areas.

39 (c) Funds from the subaccount may not be expended for roads,  
40 bridges, utilities, landscaping for aesthetic purposes, or urban

1 recreational facilities, except in cases where the facilities are  
2 damaged by, or must be relocated because of, projects related to  
3 flood protection that are funded or partially funded pursuant to  
4 this article.

5 (d) Roads, bridges, and utilities necessary for the project may  
6 be funded pursuant to this article.

7 (e) In acquiring land rights, priority shall be given to acquiring  
8 easements from willing sellers.

9 (f) In order to ensure that property acquired under subdivision  
10 (a) remains on the county tax roll and in agricultural use to the  
11 greatest extent practicable, the acquisition of easements shall be  
12 the preferred method of acquiring property interests unless the  
13 acquisition of a fee interest is required for management purposes  
14 or the landowner will only consider the sale of a fee interest in  
15 the land. No acquisition of a fee interest shall be undertaken  
16 under subdivision (a) until all practical alternatives have been  
17 considered by the department.

18 (g) All proceeds received from the disposal of a fee interest  
19 acquired under this article shall be deposited into the subaccount.

20 (h) Funds in the subaccount may be expended, upon  
21 appropriation by the Legislature, to repair breaches in any flood  
22 control facility developed pursuant to this article or caused by the  
23 development of an easement or fee title property acquisition  
24 program financed through this article and to repair water  
25 diversion facilities or flood control facilities damaged by a  
26 project developed pursuant to this article or financed pursuant to  
27 this article.

28 (i) To ensure long term monitoring and maintenance of any  
29 property acquired or facilities developed pursuant to this article,  
30 a trust fund in the amount of not more than 30 percent of the cost  
31 of acquisition or construction of the property or facility may be  
32 established by the department. Interest from the trust fund may  
33 be expended only to maintain or monitor the site or facility or to  
34 pay service fees levied for the benefit of the site or facility, such  
35 as fire protection and other special district fees. If title to the  
36 property interest or facility is transferred to another agency, the  
37 trust fund shall also be transferred. If the trust fund is no longer  
38 needed for maintenance, monitoring or services fees, any  
39 remaining funds in the trust fund shall be returned to the

1 subaccount or, if the subaccount is no longer in existence, to the  
2 General Fund.

3  
4 CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT  
5 PROGRAM  
6

7 Article 1. Definitions  
8

9 82080. Unless the context otherwise requires, the definitions  
10 set forth in this section govern the construction of this chapter.

11 (a) “Applicant” means an entity that submits a regional  
12 proposal for grant funding in accordance with this chapter on  
13 behalf of a region defined in an integrated regional water  
14 management plan and enters into a funding agreement with the  
15 department, and is one of the following:

16 (1) A public entity involved in water management, including  
17 cities, counties, cities and counties, districts, joint powers  
18 authorities, or other political subdivisions of the state.

19 (2) An accredited public or private university or college.

20 (3) A nonprofit organization qualified under Section 501(c)(3)  
21 of the United States Internal Revenue Code.

22 (4) An Indian tribe.

23 (5) An incorporated mutual water company.

24 (6) An investor-owned utility regulated by the Public Utilities  
25 Commission.

26 (7) A state agency.

27 (b) “Disadvantaged community” means a community located  
28 in one of the funding regions identified in subdivision (a) of  
29 Section 82092 that has a median household income that is less  
30 than 80 percent of the median household income for the funding  
31 region as a whole.

32 (c) “Integrated regional water management plan” means a plan  
33 defined in Section 82131.

34 (d) “Participant” means an entity that is the sponsor or  
35 proponent of a project or program included in a regional proposal  
36 for funding submitted for the purposes of this chapter by an  
37 applicant, and is one of the following:

38 (1) A public entity involved in water management, including  
39 cities, counties, cities and counties, districts, joint powers  
40 authorities, or other political subdivisions of the state.

- 1 (2) An accredited public or private university or college.
- 2 (3) A nonprofit organization qualified under Section 501(c)(3)
- 3 of the United States Internal Revenue Code.
- 4 (4) An Indian tribe.
- 5 (5) An incorporated mutual water company.
- 6 (6) An investor-owned utility regulated by the Public Utilities
- 7 Commission.
- 8 (7) A state agency.
- 9

10 Article 2. Integrated Regional Water Management Account

11  
12 82085. For the purposes of this chapter, “account” means the

13 Integrated Regional Water Management Account created by

14 Section 82086.

15 82086. (a) The Integrated Regional Water Management

16 Account is hereby created in the fund. The sum of two billion

17 dollars (\$2,000,000,000) is hereby transferred from the fund to

18 the account. Notwithstanding Section 13340 of the Government

19 Code, the moneys in the account are hereby continuously

20 appropriated without regard to fiscal years for grants and

21 expenditures to implement integrated regional water management

22 and statewide water management priorities as described in the

23 California Water Plan, as updated by Bulletin 160-05. The funds

24 provided in this section shall be used to improve water supply

25 reliability and protect and improve water quality for all beneficial

26 uses.

27 (b) The department shall administer the funds made available

28 by this section in consultation with the State Water Resources

29 Control Board, the regional water quality control boards, the

30 State Department of Health Services, the Department of Fish and

31 Game, the California Bay-Delta Authority or its successor, and

32 other state agencies with water management authority and

33 responsibility to ensure coordination and integration of state

34 water resources programs and priorities.

35

36 Article 3. Regional Water Management Program

37  
38 82090. (a) There is hereby created in the account the

39 Regional Water Management Subaccount.

(b) Notwithstanding Section 16727 of the Government Code, the sum of one billion dollars (\$1,000,000,000) is hereby transferred from the account to the Regional Water Management Subaccount for grants and expenditures by the department for the purposes of implementing this article.

82091. For the purposes of this chapter, the department shall apply the requirements for integrated regional water management plans established pursuant to Section 82176.

82092. (a) For funding purposes, the regions shall be identified in accordance with Section 82129.

(b) The sum of one billion dollars (\$1,000,000,000) shall be allocated according to the following schedule:

(1) North Coast	\$45,000,000
(2) San Francisco Bay	\$147,000,000
(3) Central Coast	\$61,000,000
(4) Los Angeles - Ventura	\$220,000,000
(5) Santa Ana River	\$121,000,000
(6) San Diego	\$98,000,000
(7) Sacramento River	\$81,000,000
(8) San Joaquin River	\$66,000,000
(9) Tulare Lake	\$68,000,000
(10) Lahontan	\$48,500,000
(11) Colorado River Basin	\$44,500,000

(c) Not more than 5 percent of the funds provided in Section 82090 may be used for grants and expenditures for the development, updating, or improvement of integrated regional water management plans to meet the requirements established pursuant to Section 82091.

82093. (a) Proposals funded pursuant to this article shall be consistent with an integrated regional water management plan that meets the requirements established pursuant to Section 82091, and shall include one or more of the following eligible project elements:

(1) Projects that reduce water demand through agricultural and urban water use efficiency.

1 (2) Projects that increase water supplies, including  
2 groundwater storage and conjunctive water management,  
3 desalination, precipitation enhancement, water recycling,  
4 regional and local surface storage, and the local share of surface  
5 storage under the CALFED Bay-Delta Program.

6 (3) Projects that improve operational efficiency, including  
7 conveyance facilities, system reoperation, and water transfers.

8 (4) Projects that improve water quality, including drinking  
9 water treatment and distribution, groundwater and aquifer  
10 remediation, matching water quality to water use, water pollution  
11 prevention, and management of urban and agricultural runoff.

12 (5) Projects that improve resource stewardship, including  
13 agricultural lands stewardship, ecosystem restoration, floodplain  
14 management, recharge area protection, urban land-use  
15 management, water dependent recreation, and watershed  
16 management.

17 (b) The department shall give preference to proposals that  
18 satisfy the following criteria:

19 (1) Proposals that effectively integrate water management  
20 programs and projects within an entire region identified pursuant  
21 to Section 82129.

22 (2) Proposals that effectively integrate water management with  
23 land use planning.

24 (3) Proposals that effectively resolve significant water-related  
25 conflicts within or between regions.

26 (4) Proposals that contribute to the attainment of one or more  
27 of the objectives of the CALFED Bay-Delta Program.

28 (5) Proposals that address statewide water management  
29 priorities.

30 (6) Proposals that address critical water supply or water  
31 quality needs for disadvantaged communities within the region.

32 (7) Proposals that effectively integrate flood management into  
33 the integrated regional water management plan.

34 (8) Proposals and projects that provide multiple benefits.

35 (9) Proposals that are prepared to proceed to implementation  
36 in a timely manner.

37 (c) Proposals receiving funds pursuant to this article shall  
38 include a local cost share from nonstate sources of at least 50  
39 percent of the total costs of the proposal. The department may  
40 reduce the cost share requirement for projects that directly

1 benefit the water supply and water quality needs of  
2 disadvantaged communities.

3 (d) Only a single proposal for funding shall be submitted from  
4 any geographic area having an integrated regional water  
5 management plan. One entity within a geographic area shall be  
6 identified as the applicant, and other entities sponsoring projects  
7 included in the proposal shall be identified as participants.

8 (e) To be eligible for funding, applicants and participants shall  
9 meet all of the following requirements:

10 (1) Applicants and participants that are urban water suppliers  
11 shall prepare, adopt, and submit an urban water management plan  
12 to the department in compliance with the Urban Water  
13 Management Planning Act (Part 2.6 (commencing with Section  
14 10610) of Division 6).

15 (2) Applicants and participants that are agricultural water  
16 suppliers shall prepare, adopt, and submit to the department an  
17 agricultural water management plan consistent with Part 2.8  
18 (commencing with Section 10800) of Division 6.

19 (3) For groundwater management, storage, and recharge  
20 projects, and projects with potential groundwater impacts, the  
21 applicant or participant responsible for these projects shall  
22 demonstrate one or more of the following, as applicable:

23 (A) The preparation and implementation of a groundwater  
24 management plan in compliance with Section 10753.7.

25 (B) Participation in, or agreement to be subject to, a  
26 groundwater management plan, basin-wide management plan, or  
27 other program or plan that meets the requirements of Section  
28 10753.7.

29 (C) Compliance with the requirements of an adjudication of  
30 water rights in the subject groundwater basin.

31 82094. (a) The department shall establish a process to  
32 allocate grants on a competitive basis within each of the regions  
33 identified pursuant to Section 82129 among all proposals  
34 meeting the requirements of this article.

35 (b) The department shall consult with the State Water  
36 Resources Control Board, the regional water quality control  
37 boards, the State Department of Health Services, the Department  
38 of Fish and Game, the California Bay-Delta Authority or its  
39 successor, and other state agencies with water management



responsibility and authority in development of the proposal solicitation process and evaluation of proposals.

(c) If a single integrated regional water management plan encompassing the interests and objectives of the region and meeting the requirements of this article is developed for an entire funding region identified pursuant to Section 82129, the department shall defer to the project priorities included in that integrated regional water management plan for funding purposes and review proposals only for consistency with the requirements and purposes of Sections 82091 and 82093.

(d) If, in any funding region identified pursuant to Section 82092, there is no integrated regional water management plan or plans that meet the requirements established pursuant to Section 82129 at the time of the grant selection process, the funds allocated to that region shall not be reallocated to another region, but shall remain reserved for the region until January 1, 2010. At that time, the department may reallocate the funds to other funding regions consistent with the purposes of this chapter.

#### Article 4. Statewide Water Management Program

82095. (a) There is hereby created in the account the Statewide Water Management Subaccount.

(b) Notwithstanding Section 16727 of the Government Code, the sum of one billion dollars (\$1,000,000,000) is hereby transferred from the account to the Statewide Water Management Subaccount for grants and expenditures by the department to support integrated regional water management, fund interregional projects, and invest in statewide projects and programs as follows:

82096. (a) The sum of two hundred fifty million dollars (\$250,000,000) shall be allocated to protect and improve water quality, for purposes including, but not necessarily limited to, any of the following:

(1) Obtaining federal matching funds by providing state cost share through the Safe Drinking Water State Revolving Fund established by Section 116760.30 of the Health and Safety Code and the State Water Pollution Control Revolving Fund established by Section 13477.

1 (2) Providing emergency funding for remediation or  
2 containment of groundwater contamination to mitigate existing  
3 and imminent threats to water supplies.

4 (3) Mitigating the impacts of urban and agricultural runoff and  
5 drainage.

6 (b) The department shall consult with the State Water  
7 Resources Control Board, the regional water quality control  
8 boards, and the State Department of Health Services in making  
9 expenditures pursuant to this section.

10 (c) If any moneys are subsequently recovered from responsible  
11 parties or other sources in satisfaction of obligations in  
12 connection in with which funds have been expended for the  
13 purposes of paragraph (2) of subdivision (a), they shall constitute  
14 reimbursement of those expenditures and be deposited in the  
15 subaccount.

16 82097. The sum of two hundred fifty million dollars  
17 (\$250,000,000) shall be allocated to support development of  
18 water storage, including all of the following:

19 (a) Completion of surface water storage planning, feasibility  
20 studies, and environmental documentation pursuant to the  
21 CALFED Bay-Delta Program.

22 (b) Preliminary engineering design of surface storage projects.

23 (c) Identification of storage project formulations that can help  
24 protect and restore the environment.

25 (d) Evaluation of cost sharing for surface storage to support  
26 broad public benefits, federal interests in the project, and local  
27 public agency or private benefits through water supply or power  
28 generation.

29 (e) Study and construction of groundwater storage and  
30 conjunctive use projects and programs that can provide  
31 interregional benefits.

32 82098. The sum of three hundred million dollars  
33 (\$300,000,000) shall be allocated for the advancement of water  
34 resources and water quality science and technology including,  
35 but not necessarily limited to any of the following:

36 (a) Research and development to address energy requirements  
37 and environmental concerns of desalination and to construct  
38 desalination facilities.

39 (b) Evaluation of climate change impacts on the state's water  
40 supply and flood control systems.

1 (c) Development and implementation of water conservation  
2 technology.

3 (d) Development of data and analytical tools to support  
4 statewide water evaluation and planning.

5 (e) Performing the activities of the science program of the  
6 California Bay-Delta Authority or its successor.

7 82099. The sum of two hundred million dollars  
8 (\$200,000,000) shall be allocated for resource stewardship and  
9 ecosystem restoration, including any of the following:

10 (a) Restoration of the San Joaquin River system.

11 (b) Restoration of the Sacramento-San Joaquin Delta.

12 (c) Habitat conservation planning and implementation.

13 (d) Conservation easements on agricultural land.

14 (e) Restoration of the Salton Sea.

15 (f) Other ecosystem restoration projects and programs.

16 (g) Of the funds made available by Section 82099, up to  
17 twenty million dollars (\$20,000,000) shall be available to the  
18 department for costs incurred for the enhancement of fish and  
19 wildlife or for the development of public recreation pursuant to  
20 Section 11912.

21 82100. On or after January 1, 2010, if the director presents to  
22 the Legislature a determination that the amounts allocated in  
23 Sections 82096 to 82099, inclusive, are in excess of the amount  
24 needed to address the purposes of each section, and other  
25 priorities require additional funding, the funds may be reallocated  
26 for any of the purposes of this article, or for grants to implement  
27 integrated regional water management plans in accordance with  
28 Article 3 (commencing with Section 82090).

29  
30 CHAPTER 8. CALIFORNIA WATER RESOURCES INVESTMENT  
31 PROGRAM

32  
33 Article 1. General Provisions  
34

35 82120. This chapter shall be known and may be cited as the  
36 California Water Resources Investment Act of 2006.

37 82121. The Legislature finds and declares all of the  
38 following:

39 (a) As the state's population continues to grow, it becomes  
40 more important for California to have a stable funding source to

1 meet future water demand, improve water quality, and sustain the  
2 environment.

3 (b) A close link between the generation of revenue and the  
4 increased water supply reliability gained from the investment of  
5 this revenue provides for equitable improvements in water  
6 management.

7 (c) The state's water management system has changed  
8 significantly over the last 30 years in order to ensure that there is  
9 a balance among economic, environmental, and ecosystem needs,  
10 while also providing the water resources needed to meet local  
11 objectives.

12 (d) These local objectives have recently been promoted  
13 through regional water planning, including the use of integrated  
14 regional water management plans.

15 (e) Integrated regional water management planning helps each  
16 region of the state to become more self-sufficient with its water  
17 supplies by planning, investing, building partnerships, and  
18 diversifying water portfolios while considering all resources  
19 within the regional planning area.

20 (f) Integrated regional water management provides a new way  
21 of managing and improving efficiency of water resources in the  
22 state by integrating solutions to water supply, flood management,  
23 water quality, and habitat concerns, while encouraging regional  
24 entities to work together.

25 (g) Significant funding is needed to ensure that state and local  
26 water resources can continue to meet the demands of a growing  
27 population.

28 (h) Over the past 10 years, voter-approved bonds have made  
29 significant contributions to address state and local water resource  
30 needs, and provided considerable incentives for local investment  
31 on behalf of those needs.

32 (i) Although the issuance of these bonds has provided for  
33 important improvements in the state's water management system,  
34 the levels of available funding have fluctuated throughout the life  
35 of each bond, while the types of projects and programs eligible  
36 for funding have varied for each bond. This lack of stability in  
37 incentive funding has inhibited local and regional agencies from  
38 developing and implementing long-term plans and investment  
39 strategies.

1 (j) A new stable source of funding that can work in  
2 conjunction with, or independently of, voter-approved bonds can  
3 provide the financial foundation for resource planning and  
4 management, construction of new facilities, managing the  
5 demand for water, and maintenance of the water management  
6 system.

7 (k) The purpose of this chapter is to establish a fund that will  
8 provide a stable source of revenue for integrated regional water  
9 management to achieve clean, reliable, and sustainable water  
10 supplies, in conjunction with local expenditures and other state  
11 and federal funds.

12  
13 Article 2. Definitions  
14

15 82122. Unless the context otherwise requires, the definitions  
16 set forth in this article govern the construction of this chapter.

17 82123. “Applicant” means an entity that submits a regional  
18 proposal for funding in accordance with this chapter on behalf of  
19 a region defined in an integrated regional water management plan  
20 and enters into a funding agreement with the department, and is  
21 any of the following:

22 (a) A public entity involved in water management, including  
23 cities, counties, cities and counties, districts, joint powers  
24 authorities, or other political subdivisions of the state.

25 (b) An accredited public or private university or college.

26 (c) A nonprofit organization qualified under Section 501(c)(3)  
27 of the United States Internal Revenue Codes.

28 (d) An Indian tribe.

29 (e) An incorporated mutual water company.

30 (f) An investor-owned utility regulated by the Public Utilities  
31 Commission.

32 (g) A state agency.

33 82124. “Beneficial uses” include, but are not necessarily  
34 limited to, domestic, municipal, agricultural, and industrial  
35 supply; power generation; recreation; aesthetic enjoyment;  
36 navigation; and preservation and enhancement of fish, wildlife,  
37 and other aquatic resources or preserves.

38 82126. “Commission” means the California Water  
39 Commission established pursuant to Article 2 (commencing with  
40 Section 150) of Chapter 2 of Division 1.

1 82127. “Customer” means a person or entity that purchases  
2 water from a retail water supplier.

3 82128. “Disadvantaged community” means a community  
4 located in one of the funding regions identified in Section 82137  
5 that has a median household income that is less than 80 percent  
6 of the median household income for the funding region as a  
7 whole.

8 82129. “Funding regions” means the 11 regions, identified  
9 for the purposes of funding in accordance with this chapter,  
10 based on the hydrologic regions set forth in the department’s  
11 Bulletin 160-05, and referred to in Section 10013, with the  
12 following exceptions:

13 (a) For the South Coast Hydrologic Region, the department  
14 shall establish three regions that reflect the San Diego County and  
15 the southern Orange County watersheds, the Santa Ana River  
16 watershed and, the Los Angeles-Ventura County watersheds  
17 respectively.

18 (b) The Lahontan Region shall include both the North and  
19 South Lahontan Hydrologic Regions.

20 82130. “In this state” means within the exterior limits of the  
21 State of California, and includes all territory within those limits  
22 that is owned by or ceded to the United States.

23 82131. “Integrated regional water management plan” means a  
24 comprehensive plan for a defined geographic area, the specific  
25 development and content of which shall be defined by  
26 regulations adopted pursuant to this chapter. At a minimum, an  
27 integrated regional water management plan describes the major  
28 water related objectives and conflicts within a region; considers a  
29 broad variety of water management strategies; and identifies the  
30 appropriate mix of water demand and supply management  
31 alternatives, water quality protections, and environmental  
32 stewardship actions to provide long-term, reliable, and high  
33 quality water supply and protects the environment at the lowest  
34 reasonable cost and with the highest possible benefits to the  
35 environment and to the customers.

36 82132. “Investment Fund” means the California Water  
37 Resources Investment Fund established pursuant to Section  
38 82165.

39 82133. “Participant” means an entity that is the sponsor or  
40 proponent of a project or program included in a regional proposal

1 for funding submitted for the purposes of this chapter by an  
2 applicant, and is one of the following:

3 (a) A public entity involved in water management, including  
4 cities, counties, cities and counties, districts, joint powers  
5 authorities, or other political subdivisions of the states.

6 (b) An accredited public or private university or college.

7 (c) A nonprofit organization qualified under Section 501(c)(3)  
8 of the United States Internal Revenue Codes.

9 (d) An Indian tribe.

10 (e) An incorporated mutual water company.

11 (f) An investor-owned utility requested by the Public Utilities  
12 Commission.

13 (g) A state agency.

14 82134. "Person" means any individual; estate; business or  
15 common law trust; firm; joint stock company; joint venture;  
16 business concern; corporation, including, but not necessarily  
17 limited to, a government corporation, partnership, limited  
18 partnership, limited liability partnership, limited liability  
19 company, or any other business entity; and any social club,  
20 cooperative organization, fraternal organization, or any other  
21 organization or association. "Person" also includes any city,  
22 county, city and county, district, commission, the state or any  
23 department, agency, or political subdivision thereof, any  
24 interstate body, and the United States and its agencies and  
25 instrumentalities to the extent permitted by law.

26 82135. "Plan" means the California Water Plan set forth in  
27 Part 1.5 (commencing with Section 10004) of Division 6.

28 82136. "Regional investment accounts" means the 11  
29 accounts created in the investment fund, one for each of the  
30 regions identified in Section 82137.

31 82138. "Retail water service" means water service that is  
32 purchased by municipal, industrial, or agricultural water  
33 customers without further sale of water to other water customers.

34 82139. "Retail water supplier" means any local entity,  
35 including a public agency, city, county, investor-owned utility,  
36 municipal water company, or private water company that  
37 provides retail water service to municipal, industrial, or  
38 agricultural customers.

39 82140. "State" means the State of California.

1 82141. “Water connection” means the location at which a  
2 retail water supplier provides delivery of, and a water customer  
3 takes possession of, water purchased from a retail water supplier.

4 82142. “Water resources capacity charge” or “capacity  
5 charge” means the water resources capacity charge established  
6 pursuant to Section 82200.

7  
8 Article 3. Constitutional Exemptions  
9

10 82150. Nothing in this part shall be construed to impose a fee  
11 upon any person when the imposition of that fee would be in  
12 violation of the California Constitution, the United States  
13 Constitution, or other federal law.

14  
15 Article 4. Duties of the California Water Commission  
16

17 82155. The commission shall review funding expenditures,  
18 and prepare an annual summary of the actions that the  
19 department has taken during each fiscal year to implement this  
20 chapter. The commission shall submit the summary to the  
21 Secretary for the Resources Agency on or before December 31 of  
22 each year for the previous fiscal year.

23 82156. Not less than every five years, and not more than one  
24 year following the release of a new California Water Plan  
25 Update, the commission shall make recommendations to the  
26 Legislature regarding proposed changes to the schedule of  
27 charges described in Article 6 (commencing with Section 82200).  
28 The recommended schedule shall become effective unless the  
29 Legislature acts, by statute, within 60 days after the receipt of the  
30 recommendations.

31 82157. The commission may request the Department of  
32 Finance to conduct audits with regard to the manner in which the  
33 funds in the regional investment accounts and the State  
34 Investment Account are expended.

35 82158. The commission shall hold publicly noticed meetings  
36 regarding its duties under this chapter on at least a quarterly  
37 basis.

38 82159. The department shall adopt, and the commission shall  
39 review and approve, regulations relating to the administration of  
40 the investment fund.



Article 5. California Water Resources Investment Fund

82165. (a) The California Water Resources Investment Fund is hereby created in the State Treasury. The fund shall consist of 13 accounts, which are hereby created, as follows: the General Account for receipt of deposits from the State Board of Equalization and general expenditures, the State Investment Account, and 11 regional investment accounts.

(b) The investment fund shall be supported by capacity charges, and penalties imposed on retail water suppliers in this state and remitted to the State Board of Equalization in accordance with Article 6 (commencing with Section 82200), and interest that accrues on those amounts.

82166. All amounts collected pursuant to this chapter shall be deposited by the State Board of Equalization into the General Account in the investment fund. Notwithstanding Section 13340 of the Government Code, the moneys in the General Account are continuously appropriated, without regard to fiscal years, to the Controller for transfer as follows:

(a) Fifty percent to the State Investment Account in the investment fund.

(b) Fifty percent to the regional investment accounts in the investment fund on a pro rata basis that reflects the amounts collected within each respective funding region.

82169. (a) The Legislature finds and declares that expenditures pursuant to this chapter are integral to the investment of bond moneys pursuant to Chapter 7 (commencing with Section 82080) of this division and Chapter 7 (commencing with Section 83080) of Division 33 and constitute a plan of finance for implementing the California Water Plan.

(b) The moneys in the investment fund shall not be appropriated by the Legislature for any purposes other than those set forth in this chapter.

82170. The State Investment Account and each of the regional investment accounts may accumulate the revenues deposited in those respective account in any year in which those revenues are not expended.

82171. Interest earned by the respective investment accounts shall be retained in those accounts, to be expended for the

1 purposes for which the respective investment accounts may be  
2 expended.

3 82172. Notwithstanding Section 13340 of the Government  
4 Code, the moneys in the regional investment accounts are hereby  
5 continuously appropriated, without regard to fiscal years, for  
6 expenditure in accordance with this article.

7 82173. The department shall establish and implement a plan  
8 to monitor, track, and report on integrated regional water  
9 management plan implementation and performance to  
10 demonstrate achievements associated with expenditures from the  
11 investment fund. The report shall include an itemization of  
12 moneys expended on projects and programs and a description  
13 with regard to the performance of those projects and programs.

14 82176. (a) For the purposes of this chapter, the department  
15 shall adopt regulations for the preparation of integrated regional  
16 water management plans.

17 (b) At a minimum, these regulations shall require that  
18 integrated regional water management plans include all of the  
19 following:

20 (1) Consideration of all of the resource management strategies  
21 identified in the California Water Plan, as updated by department  
22 Bulletin 160-05.

23 (2) An integrated, multibenefit approach to selection and  
24 design of projects.

25 (3) Performance measures and monitoring to demonstrate  
26 progress toward meeting regional objectives.

27 (4) Standards for developing regional project priorities.

28 (c) The department shall consult with the State Water  
29 Resources Control Board, the regional water quality control  
30 boards, the State Department of Health Services, the Department  
31 of Fish and Game, the California Bay-Delta Authority or its  
32 successor, and other state agencies with water management  
33 responsibility and for the purpose of adopting the regulations and  
34 reviewing integrated regional water management plans for the  
35 purposes of this chapter.

36 82177. The department shall verify that integrated regional  
37 water management plans comply with the regulations adopted  
38 pursuant to Section 82176.

39 82178. The moneys in the regional investment accounts may  
40 be expended for any of the following purposes:

1 (a) As the first source of funds to provide local matching funds  
2 to secure grants for proposals under Section 82093 or 83093.

3 (b) To supplement local funding for integrated regional water  
4 management projects.

5 (c) As a nonstate cost share with other state or federal funding  
6 sources.

7 82179. Projects funded from a regional investment account  
8 shall be consistent with an integrated regional water management  
9 plan that meets the requirements established by regulations  
10 adopted pursuant to Section 82176, and shall include one or more  
11 of the following eligible project elements:

12 (a) Projects that reduce water demand through agricultural and  
13 urban water use efficiency.

14 (b) Projects that increase water supplies, including  
15 groundwater storage and conjunctive water management,  
16 desalination, precipitation enhancement, water recycling,  
17 regional and local surface storage, and the local share of surface  
18 storage under the CALFED Bay-Delta Program.

19 (c) Projects that improve operational efficiency, including  
20 conveyance facilities, system reoperation, and water transfers.

21 (d) Projects that improve water quality, including drinking  
22 water treatment and distribution, groundwater and aquifer  
23 remediation, matching water quality to water use, water pollution  
24 prevention, and management of urban and agricultural runoff.

25 (e) Projects that improve resource stewardship, including  
26 agricultural lands stewardship, ecosystem restoration, floodplain  
27 management, recharge area protection, urban land use  
28 management, water dependent recreation, and watershed  
29 management.

30 82180. Only a single proposal for funding from a regional  
31 investment account shall be submitted from any geographic area  
32 subject to an integrated regional water management plan. One  
33 entity within the area subject to the integrated regional water  
34 management plan shall be identified as the applicant, and other  
35 entities that sponsor projects included in the proposal shall be  
36 identified as participants.

37 82181. The department shall give preference to proposals or  
38 projects that do one or more of the following:

39 (a) Effectively integrate water management programs and  
40 projects within an entire region.

1 (b) Effectively integrate water management with land use  
2 planning.

3 (c) Effectively address significant water-related conflicts  
4 within or between regions.

5 (d) Contribute to the attainment of one or more of the  
6 objectives of the CALFED Bay-Delta Program.

7 (e) Address statewide water management priorities.

8 (f) Address critical water supply or water quality needs for  
9 disadvantaged communities within the region.

10 (g) Effectively integrate flood management into the regional  
11 water management plan.

12 (h) Provide multiple benefits.

13 (i) Are prepared to proceed to implementation in a timely  
14 manner.

15 82182. To be eligible for funding from a regional investment  
16 account, applicants and participants in regional proposals shall  
17 meet all of the following requirements:

18 (a) Applicants and participants that are urban water suppliers  
19 shall prepare, adopt, and submit to the department an urban water  
20 management plan in accordance with the Urban Water  
21 Management Planning Act (Part 2.6 (commencing with Section  
22 10610) of Division 6).

23 (b) Applicants and participants that are agricultural water  
24 suppliers shall prepare, adopt, and submit to the department an  
25 agricultural water management plan in accordance with Part 2.8  
26 (commencing with Section 10800) of Division 6.

27 (c) For groundwater management, storage, and recharge  
28 projects, and projects with potential groundwater impacts, the  
29 applicant or participant shall demonstrate one or more of the  
30 following, as applicable:

31 (1) The preparation and implementation of a groundwater  
32 management plan in accordance with Section 10753.7.

33 (2) Participation in, or agreement to be subject to, a  
34 groundwater management plan, basinwide management plan, or  
35 other program or plan that meets the requirements of Section  
36 10753.7.

37 (3) Compliance with the requirements of an adjudication of  
38 water rights in the groundwater basin.

39 82183. (a) The department shall establish a process to  
40 allocate funds on a competitive basis from each of the regional

1 investment accounts among all proposals meeting the  
2 requirements of Sections 82179, 82180, 82181, and 82182. The  
3 department shall coordinate responsibilities under this section  
4 with its responsibilities under Section 82094. Decisions made by  
5 the department under this section shall be reviewed by the  
6 commission pursuant to Section 82155.

7 (b) If a region develops and adopts a single integrated regional  
8 water management plan that encompasses the interests and  
9 objectives of the entire funding region identified pursuant to  
10 Section 82129 and meets the requirements set forth in regulations  
11 adopted pursuant to Section 82176, the department shall defer to  
12 the project priorities included in that integrated regional water  
13 management plan for funding purposes.

14 (c) If, in any funding region identified pursuant to Section  
15 82129, there is no integrated regional water management plan  
16 that meets the requirements set forth in regulations adopted  
17 pursuant to Section 82176, the funds in the regional investment  
18 account may accumulate, or the department may allocate the  
19 funds to benefit projects and activities within the region in a  
20 manner that is consistent with this article. The department's  
21 administrative costs incurred in connection with expenditures  
22 under this subdivision shall be paid from the appropriate regional  
23 investment account.

24 82184. Not later than 60 days from the date on which this  
25 chapter becomes operative, each retail water supplier in this state  
26 shall submit to the department a written statement describing  
27 whether it is publicly or privately owned, its official mailing  
28 address, the retail water supplier's connection categories used in  
29 its billing, and the number of water connections in each category.  
30 The retail water supplier shall also submit to the department a  
31 map of its service area.

32 82190. The moneys in the State Investment Account of the  
33 investment fund, upon appropriation by the Legislature, shall be  
34 expended as follows:

35 (a) For allocation to the State Board of Equalization to pay  
36 refunds of the capacity charges, interest, and penalties, as  
37 authorized by Chapter 5 of the Fee Collection Procedures Law  
38 (commencing with Section 55221 of Part 30 of Division 2 of the  
39 Revenue and Taxation Code), including refunds due on account

1 of judgments for the return of capacity charges illegally  
2 collected.

3 (b) For allocation to the State Board of Equalization, the  
4 commission, and the department to ensure sufficient revenues for  
5 those state agencies to carry out the duties imposed upon them by  
6 this division. A reserve not to exceed \_\_\_\_dollars (\$ \_\_\_\_), shall  
7 be maintained in the State Investment Account.

8 (c) For the purposes of Section 82191.

9 82191. (a) The department, as part of its preparation of a  
10 proposed annual budget and in consultation with the Department  
11 of Fish and Game, State Department of Health Services, and the  
12 State Water Resources Control Board, shall propose allocation of  
13 funds for the balance of the moneys in the State Investment  
14 Account according to the following priorities:

15 (1) Obtaining federal matching funds by providing state  
16 financial participation for the purposes of the Safe Drinking  
17 Water State Revolving Fund established by Section 11676.30 of  
18 the Health and Safety Code and the State Water Pollution  
19 Control Revolving Fund established by Section 13477.

20 (2) Providing funding to support priority regional projects.

21 (3) Providing emergency funding for remediation or  
22 containment of groundwater contamination to mitigate existing  
23 and imminent threats to water supplies. If funds expended for this  
24 purpose are subsequently recovered from responsible parties or  
25 other sources, those funds shall be reimbursed to the account.

26 (4) Water infrastructure of statewide significance, including  
27 investment in the portion of new surface storage that benefits the  
28 general public.

29 (5) Other statewide programs found to be significant to  
30 integrated water management, including, but not necessarily  
31 limited to, science and research, tracking performance of water  
32 management activities, study of public health issues,  
33 improvements for disadvantaged communities with critical  
34 public health challenges and mitigation of water supply impacts.

35 (b) Funds in the State Investment Account may also be  
36 allocated to state agencies to make grants for special projects and  
37 programs; for deposit into a regional investment account to  
38 address special needs; for the support of integrated regional water  
39 management; and for other statewide water management projects  
40 consistent with this article.

1 (c) Not less than 35 percent of the moneys available for  
2 allocation under this section shall be expended for the purposes  
3 of both paragraphs (1) and (2) of subdivision (a).

4 82192. Each state agency that receives annual funding under  
5 Section 82191 shall track and document the manner in which  
6 those funds are used to advance integrated regional water  
7 management within the state, and submit that information to the  
8 department on at least an annual basis.

9  
10 Article 6. Water Resources Capacity Charge  
11

12 82200. A water resources capacity charge is hereby imposed  
13 on every retail water supplier in this state each calendar year  
14 based on the actual number and types of water connections in its  
15 service area in accordance with and the amounts in the following  
16 schedule:

17 (a) Zero dollars (\$0) per month for each lifeline connection.

18 (b) Three dollars (\$3) per month for each single-family  
19 residence water connection.

20 (c) Five dollars (\$5) per month for each commercial water  
21 connection.

22 (d) Ten dollars (\$10) per month for each multiple-family  
23 residence water connection.

24 (e) Ten dollars (\$10) per month for each industrial site water  
25 connection.

26 (f) Three dollars (\$3) per month for each agricultural water  
27 connection that services an area not exceeding nine acres.

28 (g) Six dollars (\$6) per month for each agricultural water  
29 connection that services an area that exceeds nine acres but does  
30 not exceed 180 acres.

31 (h) Ten dollars (\$10) per month for each agricultural water  
32 connection that services an area exceeding 180 acres.

33 82201. A retail water supplier may collect the costs of the  
34 charge from its water users by using the schedule set forth in  
35 Section 82200 or by using an alternate collection method  
36 consistent with the supplier's practices.

37 82202. The department shall compile information pursuant to  
38 Section 82204 on retail water suppliers with 300 or more  
39 connections and submit that information pursuant to Section  
40 82204 to the State Board of Equalization not later than 120 days

1 from the date on which this chapter becomes operative. After the  
2 date on which this chapter becomes operative, the department  
3 may submit information on additional retail water suppliers,  
4 including those retail water suppliers with fewer than 300  
5 connections, to the State Board of Equalization for billing  
6 purposes.

7 82203. Not later than 200 days from the date on which this  
8 chapter becomes operative, the State Board of Equalization shall  
9 provide written notice to retail water suppliers with regard to the  
10 requirement to pay the capacity charge. The capacity charge for  
11 each retail water supplier shall begin to accrue on the first day of  
12 the calendar month following a period of 90 days from the date  
13 on which the notice was received.

14 82204. (a) Each retail water supplier shall provide the  
15 department with its current business address and the number and  
16 types of water connections it serves not later than 60 days from  
17 the date on which this chapter becomes operative.

18 (b) Each retail water supplier shall compute its capacity charge  
19 each year based on the number and types of water connections  
20 existing in its service area on January 1 of each calendar year and  
21 in accordance with the schedule, and provide this information to  
22 the department and the State Board of Equalization.

23 82205. If a retail water supplier's billing system does not  
24 recognize the water user types identified in Section 82200, the  
25 retail water supplier shall use its best available information to  
26 compute its capacity charge. If not information can reasonably be  
27 generated to distinguish the water user types, all water  
28 connections shall be computed based on the single family  
29 connection rate.

30 82210. The State Board of Equalization shall collect the  
31 capacity charge imposed pursuant to this chapter under the Fee  
32 Collection Procedures Law (Part 30 (commencing with Section  
33 55001) of Division 2 of the Revenue and Taxation Code). For the  
34 purposes of this section, "feepayer," within the meaning of the  
35 Fee Collection Procedures Law, shall include a retail water  
36 supplier.

37 82211. (a) The capacity charge for each retail water supplier  
38 for each calendar year shall be due and payable to the State  
39 Board of Equalization on or before July 1 of the following  
40 calendar year. The payments shall be accompanied by a return in



1 the form prescribed by the State Board of Equalization,  
2 including, but not limited to, electronic media.

3 (b) If the State Board of Equalization deems it necessary in  
4 order to ensure payment, or to facilitate the collection by the  
5 state, of the capacity charges, the State Board of Equalization  
6 may require returns and payment of the capacity charges for any  
7 other period.

8 82212. Notwithstanding any other provision of law, the State  
9 Board of Equalization may prescribe, adopt, and enforce  
10 regulations relating to the administration and enforcement of the  
11 capacity charge imposed on retail water suppliers pursuant to this  
12 chapter.

13 82213. (a) Not later than 120 days after the date on which  
14 chapter becomes operative, the department shall provide the State  
15 Board of Equalization with a list of retail water suppliers in this  
16 state and their addresses.

17 (b) The department shall notify the State Board of  
18 Equalization each year of any new retail water supplier identified  
19 by the department.

20 82215. The imposition of the capacity charge in accordance  
21 with this article is a matter of statewide interest and concern, and  
22 is applicable uniformly throughout the state.

23 82216. The Legislature finds and declares that the imposition  
24 of a capacity charge would not constitute the imposition of a tax  
25 within the meaning of Article XIII A of the California  
26 Constitution, because the amount and nature of the capacity  
27 charge has a fair and reasonable relationship to the needs of this  
28 state and its residents for clean, reliable, sustainable water  
29 supplies and to the establishment of a stable source of revenue  
30 for integrated regional water management to meet those needs.

31 82217. (a) The department and the State Board of  
32 Equalization may each adopt regulations to implement and  
33 enforce this chapter as emergency regulations.

34 (b) The emergency regulations adopted pursuant to  
35 subdivision (a) shall be adopted in accordance with Chapter 3.5  
36 (commencing with Section 11340) of Part 1 of Division 3 of Title  
37 2 of the Government Code, and for the purposes of that chapter,  
38 including Section 11349.6 of the Government Code, the adoption  
39 of these regulations is an emergency, and shall be considered by  
40 the Office of Administrative Law as necessary for the immediate

1 preservation of the public peace, health, safety, and general  
2 welfare. Notwithstanding Chapter 3.5 (commencing with Section  
3 11340) of Part 1 of Division 3 of Title 2 of the Government  
4 Code, any emergency regulations adopted by the commission or  
5 the State Board of Equalization pursuant to this section shall be  
6 filed with, but not be repealed by, the Office of Administrative  
7 Law, and shall remain in effect for a period of two years or until  
8 revised by the department or the State Board of Equalization,  
9 whichever occurs sooner.

10  
11 CHAPTER 9. FISCAL PROVISIONS  
12

13 82300. (a) Bonds in the total amount of three billion dollars  
14 (\$3,000,000,000), not including the amount of any refunding  
15 bonds issued in accordance with Section 82309, or so much  
16 thereof as is necessary, may be issued and sold to provide a fund  
17 to be used for carrying out the purposes expressed in this division  
18 and to reimburse the General Obligation Bond Expense  
19 Revolving Fund pursuant to Section 16724.5 of the Government  
20 Code. The bonds, when sold, shall be and constitute valid and  
21 binding obligations of the State of California, and the full faith  
22 and credit of the State of California is hereby pledged for the  
23 punctual payment of both principal of, and interest on, the bonds  
24 as the principal and interest become due and payable.

25 (b) The Treasurer shall sell the bonds authorized by the  
26 committee pursuant to this section. The bonds shall be sold upon  
27 the terms and conditions specified in a resolution to be adopted  
28 by the committee pursuant to Section 16731 of the Government  
29 Code.

30 82301. The bonds authorized by this division shall be  
31 prepared, executed, issued, sold, paid, and redeemed as provided  
32 in the State General Obligation Bond Law, and all of the  
33 provisions of that law apply to the bonds and to this division and  
34 are hereby incorporated in this division as though set forth in full  
35 in this division.

36 82302. There shall be collected each year and in the same  
37 manner and at the same time as other state revenue is collected,  
38 in addition to the ordinary revenues of the state, a sum in an  
39 amount required to pay the principal of, and interest on, the  
40 bonds each year, and it is the duty of all officers charged by law

1 with any duty in regard to the collection of the revenue to do and  
2 perform each and every act which is necessary to collect that  
3 additional sum.

4 82303. Notwithstanding Section 13340 of the Government  
5 Code, there is hereby appropriated from the General Fund in the  
6 State Treasury, for the purposes of this division, an amount that  
7 will equal the total of the following:

8 (a) The sum annually necessary to pay the principal of, and  
9 interest on, bonds issued and sold pursuant to this division, as the  
10 principal and interest become due and payable.

11 (b) The sum that is necessary to carry out the provisions of  
12 Section 82306, appropriated without regard to fiscal years.

13 82304. The department may request the Pooled Money  
14 Investment Board to make a loan from the Pooled Money  
15 Investment Account, including other authorized forms of interim  
16 financing that include, but are not limited to, commercial paper,  
17 in accordance with Section 16312 of the Government Code, for  
18 the purpose of carrying out this division. The amount of the  
19 request shall not exceed the amount of the unsold bonds that the  
20 committee has, by resolution, authorized to be sold for the  
21 purpose of carrying out this division. The department shall  
22 execute those documents required by the Pooled Money  
23 Investment Board to obtain and repay the loan. Any amounts  
24 loaned shall be deposited in the fund to be allocated by the  
25 department in accordance with this division.

26 82305. Notwithstanding any other provision of this division,  
27 or of the State General Obligation Bond Law, if the Treasurer  
28 sells bonds that include a bond counsel opinion to the effect that  
29 the interest on the bonds is excluded from gross income for  
30 federal tax purposes under designated conditions, the Treasurer  
31 may maintain separate accounts for the bond proceeds invested  
32 and for the investment earnings on those proceeds, and may use  
33 or direct the use of those proceeds or earnings to pay any rebate,  
34 penalty, or other payment required under federal law or take any  
35 other action with respect to the investment and use of those bond  
36 proceeds, as may be required or desirable under federal law in  
37 order to maintain the tax-exempt status of those bonds and to  
38 obtain any other advantage under federal law on behalf of the  
39 funds of this state.

1 82306. For the purposes of carrying out this division, the  
2 Director of Finance may authorize the withdrawal from the  
3 General Fund of an amount or amounts not to exceed the amount  
4 of the unsold bonds that have been authorized by the committee  
5 to be sold for the purpose of carrying out this division. Any  
6 amounts withdrawn shall be deposited in the fund. Any money  
7 made available under this section shall be returned to the General  
8 Fund, with interest at the rate earned by the money in the Pooled  
9 Money Investment Account, from proceeds received from the  
10 sale of bonds for the purpose of carrying out this division.

11 82307. All money deposited in the fund that is derived from  
12 premium and accrued interest on bonds sold pursuant to this  
13 division shall be reserved in the fund and shall be available for  
14 transfer to the General Fund as a credit to expenditures for bond  
15 interest.

16 82308. Pursuant to Chapter 4 (commencing with Section  
17 16720) of Part 3 of Division 4 of Title 2 of the Government  
18 Code, the cost of bond issuance shall be paid out of the bond  
19 proceeds. These costs shall be shared proportionately by each  
20 program funded through this bond act.

21 82309. The bonds issued and sold pursuant to this division  
22 may be refunded in accordance with Article 6 (commencing with  
23 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
24 the Government Code, which is a part of the State General  
25 Obligation Bond Law. Approval by the electors of the state for  
26 the issuance of the bonds under this division shall include  
27 approval of the issuance of any bonds issued to refund any bonds  
28 originally issued under this division or any previously issued  
29 refunding bonds.

30 82310. The Legislature hereby finds and declares that,  
31 inasmuch as the proceeds from the sale of bonds authorized by  
32 this division are not “proceeds of taxes” as that term is used in  
33 Article XIII B of the California Constitution, the disbursement of  
34 these proceeds is not subject to the limitations imposed by that  
35 article.

36 SEC. 2. Division 33 (commencing with Section 83000) is  
37 added to the Water Code, to read:

DIVISION 33. FLOOD PROTECTION AND CLEAN,  
SAFE, RELIABLE WATER SUPPLY BOND AND  
FINANCING ACT OF 2010

CHAPTER 1. SHORT TITLE

83000. This division shall be known and may be cited as the  
Flood Protection and Clean, Safe, Reliable Water Supply Bond  
and Financing Act of 2010.

CHAPTER 2. FINDINGS

83001. The Legislature finds and declares all of the following  
regarding flood protection and integrated regional water  
management.

(a) Regarding flood protection, the Legislature finds and  
declares all of the following:

(1) The state has a compelling interest in ensuring the  
reliability of its flood control systems to protect lives and  
property, and to protect statewide economic interests dependent  
on water exported through the Sacramento-San Joaquin Delta.

(2) There is an increasing need for the maintenance and  
improvement of flood protection projects in the central valley to  
lessen the risk of flooding in light of the growth of the population  
and the aging of the existing flood control system.

(3) Maintenance and upgrades of critical flood management  
infrastructure must be expedited.

(4) Urban areas and areas that are becoming urbanized that are  
protected against flooding by levees face high potential risks for  
loss of life and property damage during future floods. These  
areas should be given high priority in funding flood protection  
projects and these areas should seek high levels of flood  
protection with a minimum goal of protecting against a flood  
with a 1-in-200 annual chance of occurrence.

(5) The state has a strong interest in funding construction of  
federal flood control projects throughout the state by reimbursing  
to local agencies acting as nonfederal project sponsors and that,  
without this state funding, important projects will be delayed, the  
public will unnecessarily remain at risk of suffering flood

1 damage, and federal flood control investments in the state may  
2 not occur.

3 (6) The federal government has traditionally been a major  
4 partner in any significant flood control project in the state, and  
5 the federal government has an obligation and duty to continue its  
6 lead role in providing flood protection to the citizens of the state.

7 (7) Local beneficiaries should equitably share in the cost of  
8 repairs and improvements to flood management projects,  
9 recognizing constraints on ability to pay may result in different  
10 expectations of contributions from different communities.

11 (8) The state needs to have an effective flood preparedness and  
12 emergency response program.

13 (9) Accurate floodplain maps provide flood risk information  
14 that is essential for wise use of floodplains, administration of  
15 insurance programs, land use decisions, emergency planning and  
16 response, and education of floodplain residents and businesses.

17 (10) Ecosystem restoration of riparian habitat along Central  
18 Valley streams provides both environmental benefits and direct  
19 flood benefits, and can also provide advance mitigation for flood  
20 control activities and projects.

21 (11) Improvements to the State Plan of Flood Control shall  
22 include traditional levee and channel repairs and upgrades and, if  
23 feasible, shall also include nontraditional approaches to flood  
24 management to preserve and enhance environmental resources  
25 and fluvial functions, including the use of setback levees, bypass  
26 channels, acquisition of flood easements, and biotechnical  
27 stabilization for sites subject to erosion.

28 (b) Regarding integrated regional water management, the  
29 Legislature finds and declares all of the following:

30 (1) California must make substantial investments to provide  
31 clean, safe, and reliable water for a growing population and meet  
32 future water management needs.

33 (2) It is in the interests of all Californians to provide a safe,  
34 clean, affordable, and sufficient water supply to meet the needs  
35 of residents, farms, businesses, and the environment.

36 (3) Sustainable economic development requires that water  
37 resources planning be integrated with other natural resources  
38 management.

1 (4) Local agencies and governments can realize efficiencies by  
2 coordinating and integrating their assets and seeking mutual  
3 solutions to water management issues.

4 (5) The reliability of water supplies can be significantly  
5 improved by diversifying water portfolios, taking advantage of  
6 local and regional opportunities, and considering a broad variety  
7 of water management strategies as described in the California  
8 Water Plan.

9 (6) The implementation of this act will assist each region of  
10 the state to improve water supply reliability, water quality, and  
11 environmental stewardship to meet current and future needs.

12  
13 CHAPTER 3. DEFINITIONS  
14

15 83002. Unless the context otherwise requires, the definitions  
16 set forth in this chapter govern the construction of this division.

17 (a) “Board” means the Reclamation Board.

18 (b) “Committee” means the Flood Protection and Clean, Safe,  
19 Reliable Water Supply Finance Committee, created by Section  
20 83010.

21 (c) “Department” means the Department of Water Resources.

22 (d) “Director” means the Director of Water Resources.

23 (e) “Fund” means the Flood Protection and Clean, Safe,  
24 Reliable Water Supply Bond Fund of 2010, created by Section  
25 83020.

26 (f) “State General Obligation Bond Law” means the State  
27 General Obligation Bond Law (Chapter 4 (commencing with  
28 Section 16720) of Part 3 of Division 4 of Title 2 of the  
29 Government Code).

30  
31 CHAPTER 4. GENERAL PROVISIONS  
32

33 83010. (a) Solely for the purpose of authorizing the issuance  
34 and sale, pursuant to the State General Obligation Bond Law, of  
35 the bonds authorized by this division, the Flood Protection and  
36 Clean, Safe, Reliable Water Supply Finance Committee is hereby  
37 created. For purposes of this division, the Flood Protection and  
38 Clean, Safe, Reliable Water Supply Finance Committee is the  
39 “committee” as that term is used in the State General Obligation  
40 Bond Law.

1 (b) The committee consists of the Director of Finance, the  
2 Treasurer, the Controller, the Director of Water Resources, and  
3 the Secretary for the Resources Agency. Notwithstanding any  
4 other provision of law, any member may designate a deputy to  
5 act as that member in his or her place for all purposes, as though  
6 the member were personally present.

7 (c) The Treasurer shall serve as chairperson of the committee.

8 (d) A majority of the members of the committee shall  
9 constitute a quorum of the committee, and may act for the  
10 committee.

11 83010.5. The committee shall determine whether or not it is  
12 necessary or desirable to issue bonds authorized pursuant to this  
13 division in order to carry out the actions specified in this division  
14 and, if so, the amount of bonds to be issued and sold. Successive  
15 issues of bonds may be authorized and sold to carry out those  
16 actions progressively, and it is not necessary that all of the bonds  
17 authorized to be issued be sold at any one time.

18 83011. "Board," as defined in Section 16722 of the  
19 Government Code for purposes of compliance with the State  
20 General Obligation Bond Law, means the department.

21 83013. (a) The department or the board may adopt  
22 regulations as necessary to implement this division or any part  
23 thereof.

24 (b) The department or the board may adopt regulations as  
25 necessary to implement this division or any part thereof as  
26 emergency regulations in accordance with Chapter 3.5  
27 (commencing with Section 11340) of Part 1 of Division 3 of Title  
28 2. The adoption of the regulations shall be deemed to be an  
29 emergency and necessary for the immediate preservation of the  
30 public peace, health and safety, or general welfare.  
31 Notwithstanding subdivision (e) of Section 11346.1 of the  
32 Government Code, the regulations shall not remain in effect for  
33 more than two years unless the department complies with all  
34 provisions of that Chapter 3.5 as required by subdivision (e) of  
35 Section 11346.1 of the Government Code.

36 83014. It is the intention of the people that the investment of  
37 public funds pursuant to this division should result in public  
38 benefits.

39 83015. It is the intention of the people that any public funds  
40 made available by this division investor-owned utilities regulated



1 by the Public Utilities Commission will be for the benefit of the  
2 rate payers and not the investors pursuant to oversight by the  
3 Public Utilities Commission.

4  
5 CHAPTER 5. FLOOD PROTECTION AND CLEAN, SAFE, RELIABLE  
6 WATER SUPPLY BOND FUND OF 2010  
7

8 83020. The proceeds of bonds issued and sold pursuant to this  
9 division shall be deposited in the Flood Protection and Clean,  
10 Safe, Reliable Water Supply Bond Fund of 2010, which is hereby  
11 created.

12  
13 CHAPTER 6. FLOOD PROTECTION PROGRAM  
14

15 Article 1. Definitions  
16

17 83030. Unless the context otherwise requires, the definitions  
18 set forth in this section govern the construction of this chapter.

19 (a) "Delta" means the area of the Sacramento-San Joaquin  
20 Delta as defined in Section 12220.

21 (b) "Facilities of the State Plan of Flood Control" means the  
22 levees, weirs, channels, and other features of the federal and state  
23 authorized flood control facilities located in the Sacramento and  
24 San Joaquin Rivers drainage basin for which the board or the  
25 department has given the nonfederal assurances to the United  
26 States required for the project, and those facilities identified in  
27 Section 8361.

28 (c) "Flood Control System Status Report" means the most  
29 recently completed report prepared by the department that used  
30 available information to describe and locate all facilities,  
31 including all levees, canals, weirs, bypasses, and pumps, that  
32 comprise the state plan of flood control, and to evaluate the  
33 performance and deficiencies of these facilities.

34 (d) "Project levees" means the levees that are part of the  
35 facilities of the state plan of flood control.

36 (e) "Rural areas" means all areas within the jurisdiction of the  
37 board that are not defined as "urban areas."

38 (f) "State Plan of Flood Control" means the state and federal  
39 flood control works, lands, programs, plans, conditions, and  
40 mode of maintenance and operations of the Sacramento River

1 Flood Control Project described in Section 8350, and of flood  
2 control projects in the Sacramento River and San Joaquin River  
3 watersheds authorized pursuant to Article 2 (commencing with  
4 Section 12648) of Chapter 2 of Part 6 of Division 6 for which the  
5 board or the department has provided the nonfederal assurances  
6 to the United States, which shall be updated by the department  
7 and compiled into one document entitled “The State Plan of  
8 Flood Control.”

9 (g) “Urban areas” means any contiguous area in which more  
10 than 10,000 residents are protected by project levees.

#### 11 12 Article 2. Flood Protection Account

13  
14 83035. For the purposes of this chapter, “account” means the  
15 Flood Protection Account created by Section 83036.

16 83036. The Flood Protection Account is hereby created in the  
17 fund. The sum of one billion five hundred million dollars  
18 (\$1,500,000,000) is hereby transferred from the fund to the  
19 account for grants and expenditures to implement this chapter.

#### 20 21 Article 3. Project Levee and Facilities Repairs

22  
23 83038. (a) There is hereby created in the account the Project  
24 Levee and Facilities Repairs Subaccount.

25 (b) The sum of three hundred million dollars (\$300,000,000) is  
26 hereby transferred from the account to the Project Levee and  
27 Facilities Repairs Subaccount for the purposes of implementing  
28 this article.

29 83039. The department shall utilize information collected in  
30 the most recent report on the status of the state flood control  
31 system to determine the need for levee repairs and other needed  
32 improvements to facilities of the state plan of flood control. The  
33 department shall prioritize needs identified in the report, and  
34 shall submit this information to the board for its review and  
35 comment.

36 83041. The funds in the Project Levee and Facilities Repairs  
37 Subaccount, upon appropriation by the Legislature, may be  
38 expended by the department or the board for evaluating and  
39 repairing facilities of the State Plan of Flood Control, including,  
40 but not limited to, undertaking the following actions:

1 (a) A minimum of one hundred million (\$100,000,000) to  
2 perform erosion repairs and channel and bypass sediment  
3 removal work in areas maintained by the department or by local  
4 agencies.

5 (b) A minimum of one hundred million (\$100,000,000) to  
6 evaluate, repair, or replace levees and any other facilities of the  
7 State Plan of Flood Control.

8 (c) To implement mitigation measures for any project  
9 undertaken pursuant to this section.

10 83043. (a) The funds in the subaccount, upon appropriation  
11 by the Legislature, may be expended by the board or the  
12 department for any project authorized by this article without the  
13 availability of federal cost sharing funds pursuant to a  
14 determination by the department that the project is urgently  
15 needed to protect public safety and property.

16 (b) The funds in the subaccount may be expended by the board  
17 or the department, upon appropriation therefor, to advance cost  
18 shared funds to the federal government.

19 (c) The Legislature, having found that maintenance and  
20 upgrades of critical flood management infrastructure should be  
21 expedited, authorizes the department or the board, upon  
22 appropriation therefor, to expend funds in the subaccount for  
23 advance work by the department, the board, or local agencies  
24 under Section 104 of the federal Water Resources Development  
25 Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal  
26 Water Resources Development Act of 1968 (42 U.S.C. Sec.  
27 1962d-5a), or similar federal authority, and for any feasibility  
28 studies or documents needed to secure federal authorization and  
29 reimbursement or crediting for eligible costs and to undertake  
30 flood control system improvements that the department or the  
31 board have determined require immediate attention.

32 83044. (a) Erosion repairs funded by this subaccount along  
33 levees identified in Section 8361 may be cost shared with the  
34 federal government, or performed by the department without cost  
35 sharing subject to a determination made by the department in  
36 accordance with subdivision (a) of Section 82043.

37 (b) All erosion repairs funded by the subaccount that are cost  
38 shared with the federal government shall not require a local cost  
39 share, upon a finding by the department that a local cost share is

1 not in the public interest. Otherwise, the local cost share shall be  
2 as specified in subdivision (c).

3 (c) All erosion repairs funded by the subaccount that are not  
4 for levees identified in Section 8361, and that are not cost shared  
5 with the federal government, shall be cost shared with local  
6 agencies. For these repairs, the department may perform the work  
7 or grant reimbursement to local agencies for their costs of  
8 performing the work. For the purposes of this section, a state  
9 maintenance area formed pursuant to Section 12878 shall be  
10 treated as a local agency. Cost sharing requirements with local  
11 agencies for erosion repairs shall be as follows:

12 (1) The department shall determine for each erosion repair site  
13 whether the erosion threatens a levee which protects an urban  
14 area or a rural area. Areas that are identified as urban areas shall  
15 pay 30 percent of the total cost, and areas that are identified as  
16 rural areas shall pay 15 percent of the total cost.

17 (2) Costs for establishing and maintaining any mitigation bank  
18 used to mitigate environmental impacts of erosion repairs shall  
19 be shared in accordance with the criteria described in paragraph  
20 (1).

21 (3) Eligible costs for sharing with local beneficiaries shall  
22 include the costs of design, environmental compliance and  
23 permitting, construction, construction contract administration,  
24 environmental mitigation, and monitoring for up to three years  
25 after completion of construction work, as determined by the  
26 department.

27 (d) For any erosion repair work, the local agency responsible  
28 for operating and maintaining the levee at or adjacent to the  
29 erosion repair work shall indemnify and hold the state harmless  
30 from any and all liability for damages associated with the work.  
31 Upon completion of the work, the local maintaining agency shall  
32 be responsible for maintenance of the work in perpetuity in  
33 accordance with standards established by the United States Army  
34 Corps of Engineers or the board.

35 83045. (a) Local agency cost sharing for levee evaluations  
36 and repairs funded from the subaccount is not required. Repairs  
37 needed to address poor levee maintenance or erosion of the  
38 channel bank or levee surface are not eligible for funding under  
39 this section. The department may perform levee repairs or grant  
40 reimbursement to local agencies performing the levee repairs.

1 (b) For any levee repair work, the local agency responsible for  
2 operating and maintaining the levee at, or adjacent to, the levee  
3 repair work shall indemnify and hold the state harmless from any  
4 and all liability for damages associated with the work. Upon  
5 completion of the work, the local maintaining agency shall be  
6 responsible for maintenance of the work in perpetuity in  
7 accordance with standards established by the United States Army  
8 Corps of Engineers or the board.

9 (c) The economic benefits of the levee repairs shall be  
10 evaluated by the department according to standard methods.  
11 Levee repairs for which the costs exceed the benefits shall be  
12 given low priority. However, the department and the board may  
13 purchase flowage easements in areas assigned low priority for  
14 repair.

15 83046. (a) Funds in the subaccount may be used by the  
16 department to carry out sediment removal work to restore design  
17 capacity on all channels of the Sacramento River and tributaries  
18 without a local cost share.

19 (b) Sediment removal to restore design capacity on all  
20 channels of the State Plan of Flood Control other than the  
21 Sacramento River and tributaries may be reimbursed from the  
22 subaccount on a cost shared basis. The local share shall not be  
23 less than 30 percent.

24 (c) Eligible costs for sharing with local beneficiaries for  
25 sediment removal projects allowed in subdivision (b) shall  
26 include the costs of design, environmental compliance and  
27 permitting, construction, construction contract administration,  
28 environmental mitigation, and monitoring for up to three years  
29 after completion of construction work, as determined by the  
30 department.

31  
32 Article 4. Flood Control System Improvements  
33

34 83050. (a) There is hereby created in the account the Flood  
35 Control System Improvements Subaccount.

36 (b) The sum of two hundred million dollars (\$200,000,000) is  
37 hereby transferred from the account to the Flood Control System  
38 Improvements Subaccount for the purposes of implementing this  
39 article.

1 83051. (a) The funds in the Flood Control System  
2 Improvements Subaccount, upon appropriation by the  
3 Legislature, shall be expended for improving or adding facilities  
4 to the State Plan of Flood Control to provide high levels of flood  
5 protection for urban areas and for related habitat restoration, and  
6 prioritized needs established in association with the flood control  
7 system status report.

8 (b) The funds in the subaccount are available, upon  
9 appropriation therefor, for state financial participation in federal  
10 and state authorized flood control and ecosystem restoration  
11 projects, and feasibility studies and design of federal flood  
12 damage reduction and related ecosystem restoration projects. The  
13 funds in the subaccount may be expended by the board or the  
14 department, upon appropriation therefor, to advance cost shared  
15 funds to the federal government.

16 (c) The Legislature, having found that maintenance and  
17 upgrades of critical flood management infrastructure should be  
18 expedited, authorizes the department or the board to expend  
19 funds in the subaccount, upon appropriation therefor, for any of  
20 the following purposes:

21 (1) For advance work under Section 104 of the federal Water  
22 Resources Development Act of 1986 (33 U.S.C. Sec. 2214),  
23 Section 215 of the federal Water Resources Development Act of  
24 1968 (42 U.S.C. Sec. 1962d-5a), or any other similar federal  
25 authority, and for any feasibility studies or documents needed to  
26 secure federal authorization and reimbursement or credit for  
27 eligible costs.

28 (2) To undertake flood control system improvements that the  
29 department or the board has determined require immediate  
30 attention.

31 83052. Prior to construction, the local agency and each city  
32 and county receiving flood protection from the project shall  
33 indemnify and hold the state harmless from any and all liability  
34 for damages associated with the work. Upon completion of the  
35 work, the local maintaining agency shall be responsible for  
36 maintenance of the work in perpetuity in accordance with  
37 standards established by the United States Army Corps of  
38 Engineers or the board.

39 83054. (a) The state's cost share for funds provided from the  
40 subaccount shall be fully cost shared with local agencies at the

time each invoice is due in accordance with the cost sharing requirements of Sections 12585.5 and 12585.7, whichever applies. The local cost share for any ecosystem restoration work associated with these projects shall be not less than 30 percent of the nonfederal share of the ecosystem restoration portion of the project. If the board is currently levying and collecting assessments from at least 75 percent of the acreage of lands benefitting from the state plan of flood control, the state cost share for available funds in the subaccount will increase to 75 percent of the nonfederal project costs for both flood control and ecosystem restoration components of the project.

(b) The state may fully fund the federal cost of design and construction performed in advance under Section 104 of the federal Water Resources Development Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal Water Resources Development Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar federal authority, without requiring a local cost share, except for the local share of the nonfederal design and construction costs.

(c) Any subaccount expenditures pursuant to subdivision (b) that are not reimbursed or credited by the federal government within ten years of execution of the agreement under Section 104 of the federal Water Pollution Control Act (33 U.S.C. Sec. 1376 et seq.), or similar federal agreement, shall be shared with the local project sponsor in the ratio of 70 percent state financial participation and 30 percent local financial participation.

#### Article 5. Delta Levee Subventions and Special Projects

83060. (a) There is hereby created in the account the Delta Levee Subventions and Special Projects Subaccount.

(b) The sum of seven hundred million dollars (\$700,000,000) is hereby transferred from the account to the Delta Levee Subventions and Special Projects Subaccount for the purposes of implementing this article.

83061. The funds in the Delta Levee Subventions and Special Projects Subaccount, upon appropriation by the Legislature, may be expended by the department or the board for any of the following purposes:

(a) Up to sixty million dollars (\$60,000,000) for implementation and administration of the Delta Levees

1 Maintenance Subventions Program, as described in Part 9  
2 (commencing with Section 12980) of Division 6, to work with  
3 any city, county, district, or other political subdivision in the state  
4 that is authorized to maintain levees in the delta and Suisun  
5 Marsh to preserve and improve existing project and nonproject  
6 levees in accordance with the delta-specific standard prescribed  
7 by Public Law 84-99 consistent with the CALFED Record of  
8 Decision, department goals and objectives, and the  
9 recommendations to be developed pursuant to the “Delta Risk  
10 Management Strategy.” Funds for the Delta Levees and  
11 Maintenance Subventions Program shall not be dispersed until  
12 the board has adopted regulations for the implementation and  
13 administration of this program that incorporate the findings and  
14 recommendations from the “Delta Risk Management Strategy.”

15 (b) Up to six hundred forty million dollars (\$640,000,000) for  
16 implementation and administration of the Delta Special Flood  
17 Control Projects Program, as described in Chapter 2  
18 (commencing with Section 12310) of Part 4.8 of Division 6 for  
19 flood management projects in the delta and Suisun Marsh.  
20 Projects funded under this section shall contribute to the  
21 reduction of risks to statewide interests associated with potential  
22 catastrophic breaching of delta and Suisun Marsh levees and may  
23 include any of the following actions:

24 (1) Planning, design, and initial construction of  
25 seismically-resistant levee improvements, setback levees, and  
26 plan form changes for critical levee reaches as identified or  
27 recommended by the Delta Risk Management Strategy, or  
28 identified by other state initiatives, as prioritized by the  
29 department. Levee stability improvement, setback levees, and  
30 plan form change funding shall include the costs for mitigation of  
31 unavoidable environmental damage associated with levee work.

32 (2) Static and flood stability levee improvements, including  
33 improvement of static stability in accordance with the  
34 delta-specific standard prescribed by Public Law 84-99 or  
35 standards to be recommended by the “Delta Risk Management  
36 Strategy”, and any additional improvements that may be  
37 approved by the department. Levee stability improvement  
38 funding shall include the costs for mitigation of unavoidable  
39 environmental damage associated with levee work.



1 (3) Additional study and levee improvements recommended  
2 by the “Delta Risk Management Strategy” to mitigate for the  
3 long-term effects of sea-level rise, subsidence, seepage, and  
4 seismic forces.

5 (4) Catastrophe mitigation actions, including but not  
6 necessarily limited to, emergency response planning; real-time  
7 hydraulic and water quality modeling, coordination efforts; staff  
8 training; working with counties in the delta on joint response;  
9 purchasing and stockpiling of flood fight and levee repair  
10 materials, including rock and barge equipment; acquisition of  
11 property for necessary plan form changes; and other delta flood  
12 control activities approved by the department.

13 (5) Development of mitigation banks and their long-term  
14 maintenance to cover unavoidable habitat losses resulting from  
15 levee improvement.

16 (6) Development of legally required programmatic  
17 environmental enhancements and their long-term maintenance.

18 (7) Cost sharing with the federal government for studies and  
19 feasibility investigations of delta levee improvements.

20 (8) Cost sharing with reclamation districts on federal projects  
21 for construction of levee improvements where the state is not the  
22 local sponsor.

23 (9) Projects and policy changes that arrest and contribute to  
24 reversal of subsidence.

25 (10) The Legislature, having found that maintenance and  
26 upgrades of critical flood management infrastructure should be  
27 expedited, authorizes the department or the board to provide  
28 funds in the subaccount, upon appropriation therefor, for advance  
29 work by reclamation districts under Section 104 of the federal  
30 Water Resources Development Act of 1986 (33 U.S.C. Sec.  
31 2214), Section 215 of the federal Water Resources Development  
32 Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar federal  
33 authority for levee improvements in the delta, and for flood  
34 control system improvements that the department or the board  
35 has determined require immediate attention.

36  
37 Article 6. Flood Control Subventions Program  
38

39 83065. (a) There is hereby created in the account the Flood  
40 Control Subventions Subaccount.

(b) The sum of two hundred million dollars (\$200,000,000) is hereby transferred from the account to the Flood Control Subventions Subaccount for the purposes of implementing this article.

83066. (a) Notwithstanding Section 13340 of the Government Code, or any other provision of law, the funds in the subaccount are hereby continuously appropriated, without regard to fiscal years, to the department to provide payment for the state's share of the nonfederal costs of flood control and flood prevention projects adopted and authorized, as of January 1, 2011, under the State Water Resources Law of 1945 (Chapter 1 (commencing with Section 12570) of, and Chapter 2 (commencing with Section 12639) of, Part 6 of Division 6), the Flood Control Law of 1946 (Chapter 3 (commencing with Section 12800) of Part 6 of Division 6), and the California Watershed Protection and Flood Prevention Law (Chapter 4 (commencing with Section 12850) of Part 6 of Division 6), including the credits and loans to local agencies pursuant to Sections 12585.3 and 12585.4, subdivision (d) of Section 12585.5, and Sections 12866.3 and 12866.4, and to implement Chapter 3.5 (commencing with Section 12840) of Part 6 of Division 6.

(b) The funds in the subaccount shall be allocated only to projects that are not part of the State Plan of Flood Control.

#### Article 7. Floodway Corridor Program

83075. (a) There is hereby created in the account the Floodway Corridor Subaccount.

(b) The sum of one hundred million dollars (\$100,000,000) is hereby transferred from the account to the Floodway Corridor Subaccount for the purposes of implementing this article.

83076. The funds in the Floodway Corridor Subaccount, upon appropriation by the Legislature, may be expended by the department for flood control projects along levees and channels within the State Plan of Flood Control. In addition to the primary purpose of flood risk reduction, the projects funded under this subaccount may also provide agricultural land conservation benefits, or habitat enhancement within or associated with facilities of the state Plan of Flood Control if that habitat

1 enhancement may occur while maintaining design level capacity  
2 for flood channel conveyance.

3 83076.5. (a) Funds from the subaccount, upon appropriation  
4 therefor, may be expended for property rights acquisition, project  
5 planning and design, permitting, project construction,  
6 maintenance, mitigation, monitoring, and related costs. Project  
7 costs may be shared with another agency or used in  
8 private/public partnerships determined by the department to be in  
9 the best interests of the state.

10 (b) Funds from the subaccount, upon appropriation therefor,  
11 may be expended for setting back existing flood control levees,  
12 removing levees, and constructing new levees, bypass channels,  
13 and floodwater detention areas.

14 (c) Funds from the subaccount may not be expended for roads,  
15 bridges, utilities, landscaping for aesthetic purposes, or urban  
16 recreational facilities, except in cases where the facilities are  
17 damaged by, or must be relocated because of, projects related to  
18 flood protection that are funded or partially funded pursuant to  
19 this article.

20 (d) Roads, bridges, and utilities necessary for the project may  
21 be funded pursuant to this article.

22 (e) In acquiring land rights, priority shall be given to acquiring  
23 easements from willing sellers.

24 (f) In order to ensure that property acquired under subdivision  
25 (a) remains on the county tax roll and in agricultural use to the  
26 greatest extent practicable, the acquisition of easements shall be  
27 the preferred method of acquiring property interests unless the  
28 acquisition of a fee interest is required for management purposes  
29 or the landowner will only consider the sale of a fee interest in  
30 the land. No acquisition of a fee interest shall be undertaken  
31 under subdivision (a) until all practical alternatives have been  
32 considered by the department.

33 (g) All proceeds received from the disposal of a fee interest  
34 acquired under this article shall be deposited into the subaccount.

35 (h) Funds in the subaccount may be expended, upon  
36 appropriation by the Legislature, to repair breaches in any flood  
37 control facility developed pursuant to this article or caused by the  
38 development of an easement or fee title property acquisition  
39 program financed through this article and to repair water  
40 diversion facilities or flood control facilities damaged by a

1 project developed pursuant to this article or financed pursuant to  
2 this article.

3 (i) To ensure long term monitoring and maintenance of any  
4 property acquired or facilities developed pursuant to this article,  
5 a trust fund in the amount of not more than 30 percent of the cost  
6 of acquisition or construction of the property or facility may be  
7 established by the department. Interest from the trust fund may  
8 be expended only to maintain or monitor the site or facility or to  
9 pay service fees levied for the benefit of the site or facility, such  
10 as fire protection and other special district fees. If title to the  
11 property interest or facility is transferred to another agency, the  
12 trust fund shall be transferred also. If the trust fund is no longer  
13 needed for maintenance, monitoring or services fees, any  
14 remaining funds in the trust fund shall be returned to the  
15 subaccount or, if the subaccount is no longer in existence, to the  
16 General Fund.

17  
18 CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT  
19 PROGRAM

20  
21 Article 1. Definitions

22  
23 83080. Unless the context otherwise requires, the definitions  
24 set forth in this section govern the construction of this chapter.

25 (a) “Applicant” means an entity that submits a regional  
26 proposal for grant funding in accordance with this chapter on  
27 behalf of a region defined in an integrated regional water  
28 management plan and enters into a funding agreement with the  
29 department, and is one of the following:

30 (1) A public entity involved in water management, including  
31 cities, counties, districts, joint powers authorities, or other  
32 political subdivisions of the state.

33 (2) An accredited public or private university or college.

34 (3) A nonprofit organization qualified under Section 501(c)(3)  
35 of the United States Internal Revenue Code.

36 (4) An Indian tribe.

37 (5) An incorporated mutual water company.

38 (6) An investor-owned utility regulated by the Public Utilities  
39 Commission.

40 (7) A state agency.

(b) “Disadvantaged community” means a community located in one of the regions identified in subdivision (b) of Section 83092 that has a median household income that is less than 80 percent of the median household income for the region as a whole.

(c) “Integrated regional water management plan” means a plan defined in Section 82131.

(d) “Participant” means an entity that is the sponsor or proponent of a project or program included in a regional proposal for funding submitted for the purposes of this chapter by an applicant, and is one of the following:

(1) A public entity involved in water management, including cities, counties, cities and counties, districts, joint powers authorities, or other political subdivisions of the state.

(2) A public or private university or college.

(3) A nonprofit organization qualified under Section 501(c)(3) of the United States Internal Revenue Code.

(4) An Indian tribe.

(5) An incorporated metal. water company.

(6) An investor-owned utility regulated by the Public Utilities Commission.

(7) A state agency.

## Article 2. Integrated Regional Water Management

83085. For the purposes of this chapter, “account” means the Integrated Regional Water Management Account created by Section 83086.

83086. (a) The Integrated Regional Water Management Account is hereby created in the fund. The sum of four billion five hundred million dollars (\$4,500,000,000) is hereby transferred from the fund to the account and shall be available for appropriation by the Legislature for grants and expenditures to implement integrated regional water management and statewide water management priorities as described in the California Water Plan, as updated. The funds provided in this section shall be used to improve water supply reliability and protect and improve water quality for all beneficial uses.

(b) The department shall administer the funds made available by this section in consultation with the State Water Resources

Control Board, the regional water quality control board, the State Department of Health Services, the Department of Fish and Game, the California Bay-Delta Authority or its successor, and other state agencies with water management authority and responsibility to ensure coordination and integration of state water resources programs and priorities.

### Article 3. Regional Water Management Program

83090. (a) There is hereby created in the account the Regional Water Management Subaccount.

(b) Notwithstanding Section 16727 of the Government Code, the sum of two billion dollars (\$2,000,000,000) is hereby transferred from the account to the Regional Water Management Subaccount for the purposes of implementing this article.

83091. For the purposes of this chapter, the department shall apply the requirements for integrated regional water management plans established in accordance with Section 82176.

83092. (a) For funding purposes, the regions shall be identified in accordance with Section 82129.

(b) The sum of two billion dollars (\$2,000,000,000) shall be allocated according to the following schedule:

(1) North Coast	\$90,000,000
(2) San Francisco Bay	\$294,000,000
(3) Central Coast	\$122,000,000
(4) Los Angeles - Ventura	\$440,000,000
(5) Santa Ana River	\$242,000,000
(6) San Diego	\$196,000,000
(7) Sacramento River	\$162,000,000
(8) San Joaquin River	\$132,000,000
(9) Tulare Lake	\$136,000,000
(10) Lahontan	\$97,000,000
(11) Colorado River Basin	\$89,000,000

(c) Not more than 5 percent of the funds provided by Section 83090 may be used for grants and expenditures for the development, updating, or improvement of integrated regional

1 water management plans to meet the requirements established  
2 pursuant to Section 83091.

3 83093. (a) Proposals receiving funds pursuant to this article  
4 shall be consistent with an integrated regional water management  
5 plan that meets the requirements established pursuant to Section  
6 83091, and shall include one or more of the following eligible  
7 project elements:

8 (1) Projects that reduce water demand through agricultural and  
9 urban water use efficiency.

10 (2) Projects that increase water supplies, including  
11 groundwater storage and conjunctive water management,  
12 desalination, precipitation enhancement, water recycling,  
13 regional and local surface storage, and the local share of surface  
14 storage under the CALFED Bay-Delta Program.

15 (3) Projects that improve operational efficiency, including  
16 conveyance facilities, system reoperation, and water transfers.

17 (4) Projects that improve water quality, including drinking  
18 water treatment and distribution, groundwater and aquifer  
19 remediation, matching water quality to water use, water pollution  
20 prevention, and management of urban and agricultural runoff.

21 (5) Projects that improve resource stewardship, including  
22 agricultural lands stewardship, ecosystem restoration, floodplain  
23 management, recharge area protection, urban land-use  
24 management, water dependent recreation, and watershed  
25 management.

26 (b) The department shall give preference to proposals that  
27 satisfy the following criteria:

28 (1) Proposals that effectively integrate water management  
29 programs and projects within an entire region identified in  
30 subdivision (a) of Section 83092.

31 (2) Proposals that effectively integrate water management with  
32 land use planning.

33 (3) Proposals that effectively resolve significant water-related  
34 conflicts within or between regions.

35 (4) Proposals that contribute to the attainment of one or more  
36 of the objectives of the CALFED Bay-Delta Program.

37 (5) Proposals that address statewide water management  
38 priorities.

39 (6) Proposals that address critical water supply or water  
40 quality needs for disadvantaged communities within the region.

1 (7) Proposals that effectively integrate flood management into  
2 the regional water management plan.

3 (8) Proposals and projects that provide multiple benefits.

4 (9) Proposals that are prepared to proceed to implementation  
5 in a timely manner.

6 (c) Proposals receiving funds pursuant to this article shall  
7 include a local cost share from nonstate sources of at least 50  
8 percent of total costs of the proposal. The department may waive  
9 or reduce the cost share requirement for projects that directly  
10 benefit the water supply and water quality needs of  
11 disadvantaged communities.

12 (d) Only a single proposal for funding shall be submitted from  
13 any geographic area having an integrated regional water  
14 management plan. One entity within the geographic area shall be  
15 identified as the applicant, and other entities sponsoring projects  
16 included in the proposal shall be identified as participants.

17 (e) To be eligible for funding, applicants and participants shall  
18 meet all of the following requirements:

19 (1) Applicants and participants that are urban water suppliers  
20 shall prepare, adopt, and submit an urban water management plan  
21 to the department in compliance with the Urban Water  
22 Management Planning Act (Part 2.6 (commencing with Section  
23 10610) of Division 6).

24 (2) Applicants and participants that are agricultural water  
25 suppliers shall prepare, adopt, and submit to the department an  
26 agricultural water management consistent with Part 2.8  
27 (commencing with Section 10800) of Division 6.

28 (3) For groundwater management, storage, and recharge  
29 projects, and projects with potential groundwater impacts, the  
30 applicant or participant responsible for such projects shall  
31 demonstrate one or more of the following, as applicable:

32 (A) The preparation and implementation of a groundwater  
33 management plan in compliance with Section 10753.7.

34 (B) Participation in, or agreement to be subject to, a  
35 groundwater management plan, basin-wide management plan, or  
36 other program or plan that meets the requirements of Section  
37 10753.7.

38 (C) Compliance with requirements of an adjudication of water  
39 rights in the subject groundwater basin.



83094. (a) The department shall establish a process to allocate grants on a competitive basis within each of the regions identified pursuant to Section 82129 among all proposals meeting the requirements of this article.

(b) The department shall consult with the State Water Resources Control Board, the regional water quality control boards, the State Department of Health Services, the Department of Fish and Game, the California Bay-Delta Authority or its successor, and other state agencies with water management responsibility and authority in development of the proposal solicitation process and evaluation of proposals.

(c) If a single integrated regional water management plan encompassing the interests and objectives of the region and meeting the requirements of this article is developed for an entire funding region identified in Section 82129, the department shall defer to the project priorities included in that integrated regional water management plan for funding purposes and review proposals only for consistency with the requirements and purposes of this article.

(d) If, in any funding region identified in Section 82129, there is no integrated regional water management plan or plans that meet the requirements established pursuant to Section 83091 at the time of the grant selection process, the funds allocated to that region shall not be reallocated to another region, but shall remain reserved for the region until January 1, 2014. At that time, the department may reallocate the funds to other regions consistent with the purposes of this chapter.

#### Article 4. Statewide Water Management Program

83095. (a) There is hereby created in the account the Statewide Water Management Subaccount.

(b) Notwithstanding Section 16727 of the Government Code, the sum of two billion five hundred million dollars (\$2,500,000,000) is hereby transferred from the account to the Statewide Water Management Subaccount for grants and expenditures by the department to support integrated regional water management, fund interregional projects, and invest in statewide projects and programs as follows:

83095.5. (a) The sum of one billion dollars (\$1,000,000,000) shall be available to the department for the purposes of funding a state cost share for construction of one or more of the surface storage projects being investigated by the department under the CALFED Bay-Delta Program and constructing conjunctive use and groundwater storage projects that provide interregional benefits.

(b) Expenditure of any portion of these funds on any surface storage project is contingent upon a finding by the department and the California Bay-Delta Authority, or its successor, that the project is feasible, consistent with all applicable laws and regulations, and will advance the objectives of the CALFED Bay-Delta Program.

(c) Any state cost share for a surface storage project funded pursuant to this section shall be limited to that portion of the total project costs allocated to providing broad public benefits and protecting and enhancing public trust resources, that provide either of the following:

(1) Major river restoration, including riverine ecosystems and fisheries habitat through flow, temperature, and diversion management.

(2) (A) Water quality improvement of a major river or water body that serves as a water supply source for more than one region of the state and provides significant public trust resources.

(B) Flood control benefits, including increases in flood reservation space in existing reservoirs by exchange for capacity in a new offstream reservoir.

(C) Emergency response, including emergency water supplies and flows for dilution and salinity repulsion following natural disasters or acts of terrorism, or response to the effects of sea level rise.

(D) Improved riverine processes.

(d) If more than one of the surface storage projects being investigated by the department meets the requirements of subdivision (b), funds provided pursuant to this section shall be prioritized to the project that provides, or the projects that provide, the greatest return for public investment as measured by the magnitude and diversity of public benefits that would be provided, compared to the state cost share for the project. The department shall consider the project purposes included in

subdivision (c) in making this determination. The department shall consult with the Department of Fish and Game, the State Water Resources Control Board, the regional water quality control boards, the State Department of Health Services, and the California Bay-Delta Authority or its successor, and other state agencies in allocating available funds to projects.

(e) State cost shares shall be integrated in a comprehensive financing plan for each surface storage project that includes any federal costs shares for federal interests identified in the project, and any other local public agency or private cost share for water supply or power generation benefits generated by the project. Funds provided pursuant to this section shall only be expended on a project if a comprehensive finance plan is developed and implemented for that project that obligates recipients of project benefits to pay an appropriate cost share for those benefits.

(f) The director shall present to the Legislature a determination of intent to fund a state cost share for any surface storage project prior to commitment of any funds provided by this section.

(g) If funds provided in this section are not allocated to a project pursuant to the requirements of this section by January 1, 2015, or if, at any time, a finding is made by the department and the California Bay-Delta Authority or its successor, that no projects meet the requirements of this section, or that a portion of the funds provided in this section are not needed to implement projects that meet the requirements of this sections, these funds may be reallocated for the purposes of grants and expenditures to implement integrated regional water management plans and statewide water management priorities pursuant to Chapter 7 (commencing with Section 82080) of Division 32.

83096. (a) The sum of five hundred million dollars (\$500,000,000) shall be allocated to protect and improve water quality, for purposes including, but not necessarily limited to, any of the following:

(1) Obtaining federal matching funds by providing state cost share through the Safe Drinking Water State Revolving Fund established by Section 116760.30 of the Health and Safety Code or the State Water Pollution Control Revolving Fund established by Section 13477 of this code.

1 (2) Providing emergency funding for remediation or  
2 containment of groundwater contamination to mitigate existing  
3 and imminent threats to water supplies.

4 (3) Mitigating the impacts of urban and agricultural runoff and  
5 drainage.

6 (b) The department shall consult with the State Water  
7 Resources Control Board, the regional water quality control  
8 boards and the State Department of Health Services in making  
9 expenditures pursuant to this section.

10 (c) If any moneys are subsequently recovered from responsible  
11 parties or other sources in satisfaction of obligations in  
12 connection with which funds have been expended for the  
13 purposes of paragraph (2) of subdivision (a), they shall constitute  
14 reimbursement of those expenditures and be deposited in the  
15 subaccount.

16 83098. The sum of five hundred million dollars  
17 (\$500,000,000) shall be allocated for the advancement of water  
18 resources and water quality science and technology including,  
19 but not necessarily limited to, all of the following:

20 (a) Construction of desalination facilities and research and  
21 development to address energy requirements and environmental  
22 concerns related to desalination.

23 (b) Evaluation of climate change impacts on the state's water  
24 supply and flood control systems.

25 (c) Development and implementation of water conservation  
26 technology.

27 (d) Development of data and analytical tools to support  
28 statewide water evaluation and planning.

29 (e) Performing the activities of the science program of the  
30 California Bay-Delta Authority or its successor.

31 83099. The sum of five hundred million dollars  
32 (\$500,000,000) shall be allocated for resource stewardship and  
33 ecosystem restoration, including all of the following:

34 (a) Restoration of the San Joaquin River system.

35 (b) Restoration of the Sacramento-San Joaquin Delta.

36 (c) Habitat conservation planning and implementation.

37 (d) Conservation easements on agricultural land.

38 (e) Restoration of the Salton Sea.

39 (f) Other ecosystem restoration projects and programs.

1 (g) Up to fifty million dollars (\$50,000,000) shall be allocated  
2 for costs incurred for the enhancement of fish and wildlife or for  
3 the development of public recreation pursuant to Section 11912.

4 83100. On or after January 1, 2014, if the director presents to  
5 the Legislature a determination that the amounts allocated in  
6 Sections 83096 to 83099, inclusive, are in excess of the amount  
7 needed to address the purposes of each section, and other  
8 priorities require additional funding, the funds may be reallocated  
9 for any of the purposes of this article, or for grants to implement  
10 integrated regional water management plans pursuant to this  
11 article.

12  
13 CHAPTER 8. FISCAL PROVISIONS  
14

15 83120. (a) Bonds in the total amount of six billion dollars  
16 (\$6,000,000,000), not including the amount of any refunding  
17 bonds issued in accordance with Section 83120, or so much  
18 thereof as is necessary, may be issued and sold to provide a fund  
19 to be used for carrying out the purposes expressed in this division  
20 and to reimburse the General Obligation Bond Expense  
21 Revolving Fund pursuant to Section 16724.5 of the Government  
22 Code. The bonds, when sold, shall be and constitute valid and  
23 binding obligations of the State of California, and the full faith  
24 and credit of the State of California is hereby pledged for the  
25 punctual payment of both principal of, and interest on, the bonds  
26 as the principal and interest become due and payable.

27 (b) The Treasurer shall sell the bonds authorized by the  
28 committee pursuant to this section. The bonds shall be sold upon  
29 the terms and conditions specified in a resolution to be adopted  
30 by the committee pursuant to Section 16731 of the Government  
31 Code.

32 83121. The bonds authorized by this division shall be  
33 prepared, executed, issued, sold, paid, and redeemed as provided  
34 in the State General Obligation Bond Law, and all of the  
35 provisions of that law apply to the bonds and to this division and  
36 are hereby incorporated in this division as though set forth in full  
37 in this division.

38 83122. There shall be collected each year and in the same  
39 manner and at the same time as other state revenue is collected,  
40 in addition to the ordinary revenues of the state, a sum in an

1 amount required to pay the principal of, and interest on, the  
2 bonds each year, and it is the duty of all officers charged by law  
3 with any duty in regard to the collection of the revenue to do and  
4 perform each and every act which is necessary to collect that  
5 additional sum.

6 83123. Notwithstanding Section 13340 of the Government  
7 Code, there is hereby appropriated from the General Fund in the  
8 State Treasury, for the purposes of this division, an amount that  
9 will equal the total of the following:

10 (a) The sum annually necessary to pay the principal of, and  
11 interest on, bonds issued and sold pursuant to this division, as the  
12 principal and interest become due and payable.

13 (b) The sum that is necessary to carry out the provisions of  
14 Section 83126, appropriated without regard to fiscal years.

15 83124. The department may request the Pooled Money  
16 Investment Board to make a loan from the Pooled Money  
17 Investment Account, including other authorized forms of interim  
18 financing that include, but are not limited to, commercial paper,  
19 in accordance with Section 16312 of the Government Code, for  
20 the purpose of carrying out this division. The amount of the  
21 request shall not exceed the amount of the unsold bonds that the  
22 committee has, by resolution, authorized to be sold for the  
23 purpose of carrying out this division. The department shall  
24 execute those documents required by the Pooled Money  
25 Investment Board to obtain and repay the loan. Any amounts  
26 loaned shall be deposited in the fund to be allocated by the  
27 department in accordance with this chapter.

28 83125. Notwithstanding any other provision of this division,  
29 or of the State General Obligation Bond Law, if the Treasurer  
30 sells bonds that include a bond counsel opinion to the effect that  
31 the interest on the bonds is excluded from gross income for  
32 federal tax purposes under designated conditions, the Treasurer  
33 may maintain separate accounts for the bond proceeds invested  
34 and for the investment earnings on those proceeds, and may use  
35 or direct the use of those proceeds or earnings to pay any rebate,  
36 penalty, or other payment required under federal law or take any  
37 other action with respect to the investment and use of those bond  
38 proceeds, as may be required or desirable under federal law in  
39 order to maintain the tax-exempt status of those bonds and to

1 obtain any other advantage under federal law on behalf of the  
2 funds of this state.

3 83126. For the purposes of carrying out this division, the  
4 Director of Finance may authorize the withdrawal from the  
5 General Fund of an amount or amounts not to exceed the amount  
6 of the unsold bonds that have been authorized by the committee  
7 to be sold for the purpose of carrying out this division. Any  
8 amounts withdrawn shall be deposited in the fund. Any money  
9 made available under this section shall be returned to the General  
10 Fund, with interest at the rate earned by the money in the Pooled  
11 Money Investment Account, from proceeds received from the  
12 sale of bonds for the purpose of carrying out this division.

13 83127. All money deposited in the fund that is derived from  
14 premium and accrued interest on bonds sold pursuant to this  
15 division shall be reserved in the fund and shall be available for  
16 transfer to the General Fund as a credit to expenditures for bond  
17 interest.

18 83127.5. Pursuant to Chapter 4 (commencing with Section  
19 16720) of Part 3 of Division 4 of Title 2 of the Government  
20 Code, the cost of bond issuance shall be paid out of the bond  
21 proceeds. These costs shall be shared proportionally by each  
22 program funded through this bond act.

23 83128. The bonds issued and sold pursuant to this division  
24 may be refunded in accordance with Article 6 (commencing with  
25 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
26 the Government Code, which is a part of the State General  
27 Obligation Bond Law. Approval by the electors of the state for  
28 the issuance of the bonds under this division shall include  
29 approval of the issuance of any bonds issued to refund any bonds  
30 originally issued under this division or any previously issued  
31 refunding bonds.

32 83129. The Legislature hereby finds and declares that,  
33 inasmuch as the proceeds from the sale of bonds authorized by  
34 this division are not “proceeds of taxes” as that term is used in  
35 Article XIII B of the California Constitution, the disbursement of  
36 these proceeds is not subject to the limitations imposed by that  
37 article.

38 SEC. 3. (a) The amount of \_\_\_\_ dollars (\$\_\_\_\_) is hereby  
39 appropriated from the General Fund for deposit into the State  
40 Investment Account in the California Water Resources

Investment Fund, established by Section 82165 of the Water Code, for allocation as loans, as follows:

(1) \_\_\_\_ dollars (\$\_\_\_\_) to the California Water Commission, for the purposes of funding initial startup activities and adopting regulations to establish the criteria by which the funds in the regional investment accounts shall be managed and distributed to the regions in accordance with Chapter 8 (commencing with Section 82120) of Division 32 of the Water Code. The commission shall repay the amount of this appropriation, on or before \_\_\_\_, with interest at the pooled money investment rate, funds deposited into the State Investment Account pursuant to Article 6 (commencing with Section 82200) of Chapter 8 of Division 32 of the Water Code.

(2) \_\_\_\_ dollars (\$\_\_\_\_) to the State Board of Equalization, for the purposes of implementing Article 6 (commencing with Section 82200) of Chapter 8 of Division 32 of the Water Code. The State Board of Equalization shall repay the amount of this appropriation on or before \_\_\_\_, with interest at the pooled money investment rate, from funds deposited into the State Investment Account pursuant to Article 6 (commencing with Section 82200) of Chapter 8 of Division 32 of the Water Code.

(b) Subdivision (a) shall become operative only if the voters approve the Flood Protection and Clean, Safe, Reliable Water Supply Board and Financing Act of 2006.

SEC. 4. (a) Section 1 of this act shall become effective only upon approval by the voters, at the \_\_\_\_ statewide election, of the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006, as set forth in Section 1 of this act.

(b) Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: "Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006" and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of three billion dollars (\$3,000,000,000) to provide funds for a flood protection and water management program." Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.



SEC. 5. (a) Section 2 of this act shall become effective only upon approval by the voters, at the \_\_\_\_ statewide election, of the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2010, as set forth in Section 2 of this act.

(b) Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: “Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2010” and in the same square under those words, the following in 8-point type: “This act provides for a bond issue of six billion dollars (\$6,000,000,000) to provide funds for a flood protection and water management program.” Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

SEC. 6. Notwithstanding the requirements of any other provision of law, the Secretary of State shall submit Section 1 of this act to the voters at the \_\_\_\_ statewide election, and shall submit Section 2 of this act to the voters at the statewide election.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide for improved flood protection and more reliable water supplies, as soon as possible, it is therefore necessary that this act take effect immediately.

CORRECTIONS:

Heading — Line 1.